



FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Algeria	Sch 15	Italy	1100	Peru	100
Argentina	100	Japan	1550	S. Arabia	100
Bahamas	100	Kenya	100	Singapore	100
Belgium	100	Libya	100	Spain	100
Canada	100	Malaysia	100	Sweden	100
Ceylon	100	Norway	100	Switzerland	100
Dominican	100	Poland	100	Taiwan	100
Egypt	100	Portugal	100	Thailand	100
Finland	100	Romania	100	Trinidad	100
France	100	S. Korea	100	U.S.	100
Germany	100	Sri Lanka	100	Yemen	100
Greece	100	Tanzania	100	Zimbabwe	100
Hong Kong	100	Uganda	100		
India	100	U.S.A.	100		
Indonesia	100				

Why French students are protesting on the streets, Page 3

NEWS SUMMARY

GENERAL

Violent street clashes in Paris

Melot cocktails were hurled at Paris police as 10,000 students demonstrated yesterday against government plans to reform higher education. Three policemen and two demonstrators were reported injured.

The demonstrations started peacefully but ended in sporadic and violent clashes between youths and riot police.

Most of the students had dispersed before the fighting broke out. It was unclear whether the extremists were mostly from the far Right or also included members of the far Left. A protest by about 15,000 shopkeepers and small businessmen also degenerated into violent clashes with police. Page 3

BUSINESS

Hoesch reports \$8m profit

HOESCH, West German steel-maker reporting separately for the first time from the demerged transnational Hoesch, made DM 13.5m (\$8m) net profits last year against DM 397m losses. Page 20

DOLLAR weakened to DM 2.4405 (DM 2.4455), SwFr 2.051 (SwFr 2.057), Ffr 1.36 (Ffr 1.375) and Y235.05 (Y236.25). Its trade-weighted index was 121.9 (122.2). In New York, it closed at DM 2.442 (DM 2.441), Ffr 1.365 (Ffr 1.375), SwFr 2.054 (SwFr 2.057), and Y235.4 (Y235.7). Page 44

STERLING finished down at \$1.573, a fall of 25 points, DM 3.85125 (DM 3.8875), SwFr 3.2375 (SwFr 3.25), Ffr 11.61 (Ffr 11.5775) and Y371 (Y373.5). Its trade-weighted index was 84.9 (85.1). In New York, it closed at \$1.5790 (\$1.5785). Page 44

GOLD rose \$2 to \$434.5 an ounce in London. In Frankfurt it added \$0.75 to \$434. In Zurich it was unchanged at \$433.5. In New York, the Comex May settlement was \$432.4 (\$431.1). Page 41

TOKYO markets were closed for a public holiday.

LONDON: FT Industrial Ordinary Index slipped 5.2 to 685. Government securities eased, Page 37. FT share information service, Pages 42, 43

WALL STREET: Dow Jones Index closed 7.97 up at 1,219.72. Page 37. Full share listings, Pages 38-40

HONG KONG: Hang Seng Index edged 0.85 up at 987.22. Page 37

EEC budget package

The European Commission proposed a financial package calling for member governments to endorse a plan to lift a ceiling of 1 per cent value-added tax on budget revenues. It would be replaced with a system allowing for staged increases of 0.4 per cent. Page 3

N-freeze call

The U.S. House of Representatives approved a resolution calling for a U.S.-Soviet freeze on atomic weapons. Page 5

Italian election date

Italy's general election will be held on June 28, the date for some local polling. Page 2

Exocet deal

France is to sell Kuwait six military helicopters equipped with Exocet missiles in an arms deal worth about FF770m (\$95m).

Paris spy charges

Two Frenchmen were charged with industrial espionage in cases connected with Russians expelled from Paris last month as spies.

Ambassador recalled

Argentina recalled its ambassador from Italy as relations between the countries worsened over the thousands of people who disappeared in Argentina in the 1970s. Page 2

'Aids' disease help

The chemical interferon has treated successfully victims of 'Aids' disease, which attacks the body's immune system, U.S. cancer experts said.

Greens rejected

West Germany's parliament rejected a Greens party proposal for a special Sunday sitting to mark the 38th anniversary of the Third Reich's collapse.

300 excommunicated

A congregation of 300 in Siena, Italy, was excommunicated for denying the Pope's authority in favour of a man who claims to work miracles.

Briefly...

Mexican peasant squatters were holding four Americans captive in a caravan park near the northern mountain resort of Alamos.

Ethiopia introduced compulsory military service for males aged 16 to 30.

Former Maltese President Anton Buttigieg died aged 71.

Weapons intercepted on their way to Nicaragua will be returned by Brazil to Libya.

Poland's bishops reiterated demands for martial law to be lifted. Page 3

South Africa's power-sharing Constitution Bill was tabled. Page 4

Israel expected to agree Shultz plan for troop pullback

BY DAVID LENNON IN TEL AVIV AND NORA BOUSTANY IN BEIRUT

THE ISRAELI Cabinet is expected today to accept the terms of an agreement worked out by Mr. George Shultz, the U.S. Secretary of State, which may pave the way for an Israeli withdrawal from Lebanon.

Withdrawal of all foreign forces from Lebanon is essential if President Ronald Reagan's Middle East peace plan, which has foundered on Israeli and Jordanian objections, is to be revived.

Once Israel accepts the draft agreement brought from Beirut by Mr. Shultz, the backing of Syria must still be won. An Israeli Foreign Ministry spokesman also pointed out that further direct negotiations might be necessary to translate some of the points agreed in principle into practical terms.

Yesterday saw an apparent bid to sabotage Mr. Shultz's mission when battles erupted in the Beirut area.

At least five people were reported killed as Christian-Druze fighting spilled over into the Lebanese capital. Shells hit the Christian suburbs of East Beirut, the capital's southern outskirts and the northern port of Jounieh. Several shells also landed in, mainly Moslem, West Beirut.

The helicopter of U.S. marine commander Col James Mead was hit as he was inspecting the source of fire from hills southeast of Beirut and forced to return to its base near the airport. No one was injured.

Mr. Shultz plans to fly to Damascus, the Syrian capital tomorrow, to try to persuade President Hafez al-Assad to agree to a simultaneous withdrawal of Syrian troops from Lebanon when the Israeli pull-back begins. Jerusalem insists that its withdrawal is conditional on a Syrian and Palestine Liberation Organisation (PLO) pull-out.

If, as seems likely, the Syrian leader objects to the terms of the Lebanese-Israeli agreement, then he can block its implementation by refusing to withdraw his forces from Eastern and Northern Lebanon.

Syrian agreement will be a major diplomatic triumph for Mr. Shultz, who has spent the past week shuttling between Jerusalem and Beirut.

The breakthrough in the withdrawal negotiations apparently came with Israeli concessions over the future status of Major Saad Haddad, its southern Lebanese ally, and Lebanese concessions over the participation of Israeli troops in joint security patrols in southern Lebanon.

Continued on Page 20



Chrysler to repay \$400m of U.S. loan

BY RICHARD LAMBERT IN NEW YORK

CHRYSLER Corporation is planning to pay off \$400m of its government-guaranteed loans and make its first public bond offering for 10 years. The move marks another step in the U.S. motor manufacturer's return to financial viability.

The group has \$1.2bn of government-guaranteed notes outstanding, which are repayable by 1990. The guarantees were made available to save it from bankruptcy in 1980, and in return the government imposed severe restrictions on Chrysler's financial freedom.

The group said yesterday that it hoped to pay off all the government-backed loans by the end of 1985. The \$400m that it intends to refinance in June is the most expensive tranche of the government-backed money with an interest rate of 14.5 per cent and a guarantee fee of 1 per cent, the annual cost of this money to the company has been \$63m.

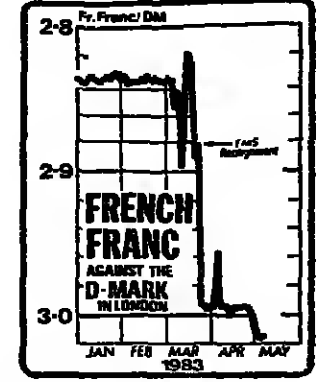
To help pay off this lending, Chrysler intends to make a public bond offering in June of as much as \$200m. The loan is likely to have a life of five to ten years, and the cost will depend in part on the outcome of talks which the group will be holding with the main debt rating agencies in the next few weeks.

Chrysler has not sold bonds to the public since 1973.

Its ability to raise money in this way now stems from its return to profitability and the financial recapitalisation which was approved by shareholders at yesterday's annual meeting.

As a result, the group now has shareholders' funds of around \$900m, after three years in which its shareholders' funds have been in deficit.

After earning record profits in the first quarter of 1983, Chrysler indicated yesterday that it would almost certainly make another profit in the current three-month period.



Mauroy firm on inflation

By David Housego in Paris

M. PIERRE MAUROY, the French Prime Minister, came to the aid of the French franc yesterday with a strong reaffirmation of the Government's anti-inflation policy.

He also said that the administration was ready to "tighten the screws" further to achieve the goals of the stabilisation package announced after the devaluation of the franc in March.

The Prime Minister's remarks mark a departure from the low profile he has adopted since being re-appointed head of government six weeks ago. They come at a time when the franc has come under renewed pressure and when increasing doubts have been cast on whether the government's targets can be achieved. The policies have also been attacked from within the running socialist party and from the Communists, junior partner in the French coalition.

M. Mauroy said that the Government remained determined to bring inflation down to 8 per cent by the end of the year, from the current annual rhythm of 10 per cent. He indicated that a slippage of 9 per cent would not be acceptable.

On the trade deficit, he said the government's goal was to reduce the deficit to FF45bn (\$6.1bn) in the 12 months period after the announcement of the measures.

This confirms that there has been some shift from the Government's original timetable of reducing the deficit to FF45bn by the end of the year from the FF48bn for 1982.

The official statistics institute, INSEE, forecast last week that inflation would not slow down sufficiently in the second half of the year for the Government to achieve its 8 per cent target.

Privately it expects the rate to be closer to 9-10 per cent for the year. It also predicted that the trade deficit would fall to FF45bn by the year end, but only on the basis of a dollar at FF7.50. The dollar yesterday was at FF7.50, implying a deficit for the year closer to FF48bn.

Continued on Page 20

IBM seeks European communications allies

BY GUY DE JONQUIERES IN LONDON

INTERNATIONAL Business Machines, the world's largest computer manufacturer, is seeking industrial partners in Western Europe as part of a strategy to expand into telecommunications.

This is the first time that IBM has disclosed plans for industrial collaboration in Europe, where it has extensive development and manufacturing facilities. Although it subcontracted much work to local suppliers, it has until now pursued an independent business strategy.

Mr. Cassani said it would be essential to adopt a collaborative approach to telecommunications because no single company any longer possessed all the skills and resources needed to meet future demands.

His remarks follow the agreement in principle reached this year by another large U.S. group, American Telephone and Telegraph, and Philips of the Netherlands, Europe's largest electronics manufacturer, to set up a joint venture to market telecommunications equipment internationally.

In the U.S., IBM has a one-third interest in Satellite Business Systems (SBS), a joint-venture company operating an advanced satellite business-communications network. The other partners are the Actna Insurance group and Communications Satellite (Comsat).

IBM recently acquired 12 per cent of Intel, a leading U.S. semiconductor manufacturer, with which it works closely on technology. It has also commissioned Intel, a fast growing Canadian telecommunications company, to develop for it a range of private exchanges.

Intel is also understood to have agreed in principle to make at its plant near Newport, South Wales, larger private exchanges that IBM would market under its own name.

IBM's strategy, Page 22

EEC call for unity in high-tech sectors

BY PAUL BETTS IN PARIS

VISCOUNT Etienne Davignon, the EEC Commissioner for Industry, made a strong pitch yesterday for the Community's programme of technological collaboration designed to give Europe a strong electronics and communications industry to compete against Japanese and U.S. industries.

Viscount Davignon, who was in Paris yesterday to address a business conference, said the \$1.3bn EEC programme would be discussed at the next European heads-of-state meeting in October.

The plan is intended to foster European collaboration in strategic areas of electronics and communications. It would be launched next year, with the programme being completed after five years.

Viscount Davignon argued strongly against Europe concentrating its electronics industry on single producers. This would be a major error, he said, adding that Japanese industry adopted the opposite approach, with its industries competing on their domestic market but joining forces with common strategies on export markets.

He said this strategy had enabled Japan among other things, to impose its standards in the video cassette recorder (VCR) market.

Viscount Davignon referred to the recent collapse of the attempt between Philips of the Netherlands and the Thomson group of France to collaborate on VCR technologies. Thomson recently opted to join forces with JVC of Japan to produce VCR components on licence from the Japanese company.

The commissioner said the European programme was designed to encourage collaboration in research and development by European industries. It is to be financed jointly by the Community budget and independent enterprises on a 50-50 basis.

EEC finance proposals, Page 3

Canon's £3m deal renames English football league

BY RAYMOND SNOODY IN LONDON

LIVERPOOL has won its last Football League championship. From next season, England's most successful soccer club will be playing in, and its fans watching, the Canon League.

The Japanese camera and office equipment manufacturer, whose profits rose by 40 per cent last year, has come to the rescue of an English institution facing falling attendances and mounting deficits.

Canon UK is putting up £3m (\$4.7m) in sponsorship, over the next three seasons - the largest sponsorship deal in British sport. The previous largest deal was the National Dairy Council's £2m sponsorship of the Milk Cup, formerly the League Cup, over four seasons.

Canon said last night it would try to create a new image for the League, which was founded in 1888. The Canon deal will include more than £200,000 in prize money for the league's clubs to compete for. Next season, the winner of the first division will receive a cash prize of £50,000 and there will be cash prizes for the first four teams in each of the four divisions.

Top goal-scoring teams of the month will win £1,000 and the top-scoring team of the year will get £5,000. About £500,000 of the money will be used for youth projects and to encourage more families to come to watch football.

Canon, however, warned last night that it would review the situation if the league failed to agree on keeping football on British television. The league chairman made clear yesterday that they wanted football to stay on television.

Earlier this year, the league rejected a £3.5m joint offer from the British television companies. It then seriously entertained an £8m offer from Telefeor, a private company, for the exclusive rights to show football on large video screens in public houses over two seasons.

Telefeor subsequently withdrew its offer after a public outcry and fears by leading clubs that they might lose important sponsorship deals if they did not appear on television.

Yesterday, however, the league chairman quickly approved a package of terms to be put to the BBC and the commercial Independent Television (ITV) companies as the basis for breaking the deadlocks.

The clubs want to see recorded highlights at the weekend, the second half of four matches a week broadcast live probably on Sundays, and up to 32 square inches (200 sq cm) advertising logos on players' shirts.

The television companies have so far offered 18 sq in. The £5.4m deal covering two seasons would also not include overseas rights. Mr. Jack Dunnett, president of the league, said yesterday he believed the two sides were moving closer together.

The sponsorship deal is the culmination of a long search made more difficult because tobacco and alcohol manufacturers had to be ruled out. British companies were interested but none could offer as much as Canon.

Canon said yesterday that apart from having stadium advertising at all 92 clubs, the company would also probably be running photographic competitions.

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EUROPEAN NEWS

John Wyles in Brussels examines Greece's 'one foot in, one foot out' posture

Athens and the EEC: only in it for the money

FOR THE past 18 months, the Socialist Greek Government's attitude to its membership of the EEC seems to have been part inspired by Groucho Marx's feelings towards clubs. On the one hand, it has not been enthusiastic about belonging to a club which so benignly welcomed its right-wing predecessor. On the other, the embarrassment has been assuaged by such benefits as EEC budget payments worth \$500m in the first two years of membership and the opportunities to score points in Greece's ancient confrontation with Turkey.

Premier Andreas Papandreu has thus adopted a "one foot in, one foot out" posture. He has been "in" for the money and for the larger political stage but "out" when it came to applying the raft of legislation required of members and to observing Community rules on taxation and state aids.

This stance was given a shred of political dignity by a memorandum handed into Brussels a year ago, demanding special status for Greece which would recognise its relative economic and social backwardness and would allow Mr Papandreu to implement an interventionist and partially protectionist five-year economic plan.

Mr Papandreu's equivocal approach could not be sustained



Mr Papandreu (above left) ... polite about Mr Burke's plan.

for ever. A month ago, the European Commission effectively threw down the gauntlet with its final response to last year's memorandum from Athens. The Greek Government now has the choice of broadly endorsing the Commission's approach and aiming at full participation in the EEC, or holding the referendum Mr Papandreu promised in his election campaign, followed by possible withdrawal from the Community.

tain the idea that Greece should enjoy special exemptions from Community rules in order to pursue its own path to economic development. While stressing that the Commission can be flexible in its application of EEC rules on state aids and competition, the Commission asserts that Mr Papandreu's five-year plan must be consistent with EEC membership.

There are three aspects to the Commission's proposals: ● Special provision over the next four years under existing EEC policies for financial help on infrastructure projects, employment and social policy measures, agriculture, transport and the environment. Total aid disbursed is unlikely to amount to more than \$450m and is dependent on the projects satisfying Community criteria. The Commission has failed to respond to Greece's plea for an increase in its 13 per cent quota under the Regional Development Fund.

● Much more substantial aid amounting to nearly £1.6bn under the Integrated Mediterranean Programmes unveiled by the Commission in February. Greece would be the second largest beneficiary from this \$3.97bn package which is also intended to help develop the Mediterranean regions of Italy and France. The Commission argues that this programme constitutes "a response ... to many

of the demands outlined in the (Greek) memorandum."

It would allocate \$740m to Greek agriculture between 1985 and 1991, \$72m to forestry, \$84m to fishing and \$630m to "general economic development."

● Efforts already underway to improve Greece's "take up" of EEC money by encouraging moves to ensure that Greek projects satisfy EEC criteria and by urging better internal co-ordination within the ramshackle bureaucracy in Athens.

Mr Burke and his Commission colleagues have made an honest attempt to address Mr Papandreu's problems and to suggest that there are tangible benefits to be won if Greece plays the Community game. They are even prepared to allow him to renegotiate a date for the introduction of VAT, now that the January 1, 1984 target in the Treaty of Accession looks impossible. But with an eye to Spain and Portugal, they have made it clear that there are some basic rules which, while flexible, are there to be observed.

The single question which remains unanswered in the Greek saga concerns the wisdom of exposing fragile relatively underdeveloped Mediterranean agricultural economies to a Community political and commercial system devised for countries which are much more economically mature.

Sweden attacks 'submarine'

By David Brown in Stockholm

SWEDISH NAVAL units detonated two mines and dropped a depth charge yesterday on what they suspected was a foreign submarine near Sundsvall harbour, 800 miles north of Stockholm. Newspaper accounts said an oil slick surfaced afterwards.

The navy has reported contact with suspected submarines near Sundsvall over the past five days, but this is the first time explosives have been used. Defence spokesmen said the vessel might be a miniature submarine, implying the existence of another vessel.

The Swedish Government last week delivered a sharp diplomatic protest to Moscow after a special commission concluded that the Soviet Union had engaged in a sustained and "increasingly provocative" series of territorial incursions last year.

The report said the Soviet Union had used conventional submarines as mother vessels to a new type of miniature submarine capable of crawling on the sea floor. Several photographs and videotapes were released as evidence. The Soviet news agency Tass dismissed the charges as without support.

The defence forces have been given authority to sink any intruding vessel.

Italian parties agree on June date for general election

BY RUPERT CORNWELL IN ROME

THE ITALIAN general election will be held on June 26, alongside local elections involving some 7m voters, the Cabinet announced yesterday. Its decision settled the one outstanding issue after President Sandro Pertini had dissolved Parliament on Wednesday evening.

Under the Italian system, in fact, the country's 43m voters will be able to vote not only on Sunday, June 26, but also on Monday, June 27, until the polling booths close at 3 pm. In future, however, elections will be limited to a single day, as is the practice in most of Western Europe.

'Desaparecidos' issue strains Argentina ties

BY OUR ROME CORRESPONDENT

ITALY'S VEHEMENT reaction over the fate of the Desaparecidos, the thousands of civilians missing and presumed killed by Argentina's military government in the late 1970s, has brought relations between the two closely-linked countries to their worst point in many years.

Mr Rodolfo Lucchetti, Argentina's ambassador in Italy, was due to leave for home yesterday. He had been recalled by the Buenos Aires Government in protest at the harshly-worded official criticism by Italy of the laconic statement last week by the Argentine military junta that the desaparecidos, who included some 250 people who were either Italian nationals or held an Italian passport, should be presumed dead.

The protest was initiated by President Sandro Pertini himself, who wrote to General Reynaldo Bignone, the Argentine head of state, accusing the military regime of trampling on human rights and of gross cynicism.

Italy has begun to mobilise its European Community partners for a joint response to Argentina, while Buenos Aires has been dropping hints that it is considering blocking, as a reprisal, industrial contracts awarded to Italian concerns.

Finnish PM out and in

BY LANCE KEYWORTH IN HELSINKI

THE FINNISH Prime Minister, Mr Kalevi Sorsa, who leads the Social Democrats, will submit the resignation today of his three-party coalition Government and have his new four-party Cabinet sworn in. Mr Sorsa's coalition of Social Democrats, Centre (Agrarian) and Swedish People's Party, has been governing in a caretaker role since the general election in March.

It is now to be joined by the Rural Party, giving a majority of 123 in the 200-seat Parliament. However, the Rural Party has always been a maverick since its formation 10 years ago and its reliability as a coalition partner is likely to be a problem for the Communists who were expelled from the Government in January.

The new Government's programme is long and loosely worded. The problems singled out are inflation and unemployment. The gross tax burden is scheduled to rise, but as little as possible, and state borrowing is to be reduced.

Rothschild pere looks on as Freres shows signs of revival

BY DAVID HOUSEGO IN PARIS

TO BE treated as a "Jew under Pétain and a parish under Mitterrand" is as much as I can take. With those biting words, linking the expropriation of the Rothschild bank in France under the Vichy regime to its nationalisation by the Socialists, Baron Guy de Rothschild, the former head of the bank, concluded a now famous article in Le Monde in October 1981 denouncing the Government's takeover.

Surprisingly he was one of the few major shareholders of an institution that was nationalised to lodge such a public protest. Shortly afterwards, he decided to take up residence in New York where he now lives for more than half the year.

But his "explosion of bad humour," as he now calls it, was well taken in France even among Socialists. This was partly because it touched a guilty vein of anti-Semitism and partly because it was a well-penned, idiosyncratic, defence of the right to be a Rothschild and rich in France.

Baron de Rothschild is back in Paris—where he still retains one of the most splendid houses in the French capital on the Ile de St Louis—to launch his memoirs which are also to be published in English.

Now 73, but still with a sharp eye and an active concern with the family's banking interests in New York, he said yesterday that the book was not intended to be polemical about the Left. "I have made a few digs at the Socialists," he says, "but it was the least I could do. Most people would have expected much more of me."

In his front-page article in Le Monde (characterised by many on the Right as the Pravda of France), he said that only a few scraps remained of the House of Rothschild in France and that to rebuild again from the ruins would be too much.

He sticks to his word. But his son David is hoping to build from one of those "scraps," PO (Paris Orleans) Gestion, a new investment bank specialising in corporate finance. He has asked the Government for a charter to open a bank and plans to call it



Rothschild: memoirs

Rothschild Freres (reverting to the old name of the Rothschild Bank in Paris).

"It will be very small" in relation to what we had, says Guy, but it will be profitable and interesting.

Banque Rothschild was taken over by the state when its profits were falling and its industrial interests in the metal, Penarroya and Le Nickel metal groups suffering from the collapse of non-ferrous metal prices. The French Government is expected to step in with aid for the mineral companies.

Baron de Rothschild contests less the terms of the compensation than the fact that "we were forced to sell at the worst possible time."

In his book, which charts the war years, his association with M Georges Pompidou before he became President, and his involvement in the mining industry, he is dismissive of the Socialists writing that "the encyclopaedic ignorance of the Left on economic matters is a constant in French political life."

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EUROPEAN NEWS

French take to the streets of Paris to air their grievances

BY PAUL BETTS IN PARIS

STUDENTS, shopkeepers, small businessmen and a few farmers with their sheep look to the streets of Paris yesterday for another day of demonstrations in France.

The demonstrations were all separate, of different numbers and designed to air different grievances. The smallest were the sheep farmers who turned up with their animals at the Invalides, where Napoleon lies and where a memorial service was being held yesterday in the presence of his direct descendant Prince Napoleon. The farmers were protesting against the European Com-

munity's farm policies as they have been doing, at times violently, for the past few weeks.

The shopkeepers turned out in bigger numbers to complain against the Government's austerity programme which they claim is crippling their businesses. Their demonstration was vocal and disorderly, and the police had to intervene with teargas at one stage outside the Ministry of Commerce.

By contrast, the students turned out in colour and in good spirits in two rival demonstrations, one starting from the Eiffel Tower and ending at the

Bastille and the other starting at the Bastille and ending at the Invalides.

There was far more sense of tension at the student demonstrations, however. Since French students have taken to the streets during the past two weeks, there have been clashes with police and the tempera-

ture has been generally rising in the university faculties. Indeed, there were clashes again yesterday between police and a few hundred masked youths. The organisers of yesterday's marches had feared that extremists and trouble-makers would exploit the

demonstrations in this way.

The students are protesting against the proposed reform of the university system which the Mitterrand administration and M Alain Savary, the Education Minister, have been painstakingly putting together since the Left came to power in 1981.

The aim is to rationalise the system and make it more in tune to the needs of a modern society. The proposals are to be debated in the National Assembly on May 24. For a whole series of conflicting and complex reasons, the students are opposed to the so-called "Savary Law". The

revolt started at the end of last month with the students of the law faculty of the University of Malakoff in Paris. They are regarded as right-wing. It spread to other law faculties which argue that the law will worsen rather than improve the higher education system.

Medical students had already taken to the streets in protest at the reform of medical education. The left quickly joined in so as not to lose its influence within the student movement as a whole. However, the left-wing student unions have generally favoured the broad aims of the

Savary Law.

These students organised one of the demonstrations yesterday to counter the far larger demonstration of the so-called "independent" students.

"We have been called right-wing because we oppose the Savary Law and hence the Socialists in government," said a student from the Sorbonne. "It is too easy to generalise in terms of right and left. We see ourselves as truly independent, apolitical. We just want to be heard by the Government and ask them to reconsider the university reform."

dents appears to be gaining force, after emerging on the French scene only during the past 10 to 15 months. "We are basically fed up with the student unions who have used the movement for their political ends," said a bearded student.

The Independents have been joined by some faculty professors and have organised a variety of protests from picnics to street demonstrations. They form what seems to be a new type of protest movement in that they group universities, students from the so-called grandes ecoles as well as students from the lycees.

Pöhl calls for balance in attack on inflation

By John Davies in Frankfurt

WORLD LEADERS meeting soon in Williamsburg should stress the need for balanced policies in combating inflation, Herr Karl Otto Pöhl, president of the Bundesbank, the West German central bank, said yesterday.

He indicated that that meant continuing efforts to reduce budget deficits rather than relying solely on monetary policies. Addressing the Frankfurt Chamber of Commerce, Herr Pöhl said that it would be helpful if nations would really take into account the effect of their economic policies on other countries.

If they did so, it would mean correcting unbalanced policies that neglected the effects of budget deficits and which concentrated only on monetary measures. "I hope that this, above all, will be stressed at the forthcoming Williamsburg summit," he said.

Herr Pöhl cautioned against too much optimism about achieving stable foreign-exchange rates. He felt that public discussion in recent weeks about a return to more fixed currencies or the introduction of target zones was "fairly unrealistic, to put it mildly."

Some flexibility could and should not be avoided, particularly in currencies used heavily in international investment or as official reserve currencies.

Herr Pöhl said that the D-Mark's role as an official reserve currency had increased enormously in the past 10 years. Its share of official world currency reserves had risen from less than 2 per cent to about 10.5 per cent.

Stoltenberg blows his northern cool

By Jonathan Carr in Bonn

WHAT on earth has happened to Dr Gerhard Stoltenberg? The West German Finance Minister has been called "the cool Northerner"—not just because he comes from Schleswig-Holstein, but because he seems more at home with figures than with passionate political exchange.

Yesterday's parliamentary debate on finance and economic policy changed that. On-lookers gaped in astonishment as Dr Stoltenberg, red with wrath, pummeled the opposition with one verbal body-blow after another.

His fiercest assault was on the radical Greens party, which had accused the Government of lining the pockets of the rich.

"That's one of the most stupid remarks I have heard in my political life," rapped out the minister to a chorus of boos and catcalls. "But don't think the primitive formulations of your stone-age Marxism can hurt me."

The Greens' policies, Dr Stoltenberg judged, were a recipe for unimagined levels of unemployment and bore-telling witness to the low education level of the 1970s (when many Greens were still at school).

Hardly pausing for breath, he rounded on the Social Democrat Party (SPD), accusing it of arrogance and self-contradiction, in power, and now out of it. On Wednesday the SPD had opposed the Government's budget savings efforts and on Thursday complained about the high level of debt.

Was that to be the level of opposition argument, Dr Stoltenberg demanded? It was certainly below the level he had expected of the SPD—until now.

It was left to Herr Hans Apel, the SPD's finance spokesman, and himself quite a demagogue, to complain about the minister's rude style. Many spectators took a different view. It is not every day the Bundestag produces such lively scenes from a minister transformed.

Thorn calls for a quick decision on EEC revenue plan

BY JOHN WYLES IN BRUSSELS

M GASTON THORN, the president of the European Commission, warned yesterday that the EEC faces exhaustion of its budget revenues unless heads of Government lay down the lines at their Stuttgart summit next month for a quick agreement on new financing proposals.

At a Press conference with Mr Christopher Tugendhat, the Budget Commissioner, M Thorn sought to dispel any suggestions that the Commission was for drawing more money from member Governments would result in profligate Community spending.

The surge in agricultural spending which is running at 25 per cent above the 1983 budget figures was the responsibility of member Governments, M Thorn implied, and the Commission would try to take all necessary measures to deal with it.

The Commission's communication to member Governments takes it for granted that the case for giving the EEC more money to spend has already been made. Nearly all available resources under the present revenue ceiling will be spent this year, says the Commission, which adds that it is budgeting to spend virtually every permitted European currency unit (Ecu) next year.

With agricultural spending steeply increasing, the Commission document attempts to assure governments that it does not plan to allow farming to swallow up the extra money as well.

UK disappointed with Commission proposals

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government made little effort to hide its disappointment last night about key European Commission proposals designed to save the EEC from bankruptcy and to lay the basis for a long term solution to the British budget problem.

The proposals show that the European Commission is prepared to recommend direct action which would only cut Britain's deficit with the Community by between one third and a half. Further reductions in Britain's net contribution to the EEC—running at an estimated £1.2bn (\$1.9bn) this year—would have to be achieved through higher spending in the UK.

	CAP FINANCING (member states' shares) Up to 13% of total budget	Above 13% of total budget
West Germany	29.0	28.5
France	22.5	22.8
Italy	12.7	14.5
Netherlands	5.8	7.5
Belgium	4.1	4.1
Luxembourg	0.2	0.2
Britain	19.1	11.1
Ireland	0.7	0.8
Denmark	2.3	2.4
Greece	1.6	1.8

Rather, the resources will go to expanding existing policies such as the social and regional funds and research and development programmes. The priority for new policies will be to achieve economies of scale by encouraging the Community to act where it can be more efficient than individual member states.

The Commission's proposals are designed to achieve three things: supply more money for EEC spending, help correct the huge imbalance between the UK's payments to and receipts from Brussels and the transfer of power from national Parliaments to the Council of Ministers and the European Parliament.

Perhaps the most surprising is the proposition that national parliaments should lose their powers of ratification over increases in the EEC's "own resources"—its budget revenues. The current limit on the money which Brussels can demand

from member governments can only be raised by agreement among governments and ratification as an amendment to the EEC Treaties by national parliaments.

In effect, the Commission wants the parliaments to renounce this power when they ratify whatever agreement emerges from the Commission's proposals. Afterwards, revenues would be raised at certain stages by unanimous agreement of member governments and a three-fifths majority in the

European Parliament. The current revenue limit is known as 1 per cent of VAT and amounts to 1 per cent of the total retail sales in member states of a common basket of goods and services. The Commission wants this raised by normal procedure to 1.4 per cent and then by steps of 0.4 per cent under the new procedure. The first increase to 1.4 per cent would add between Ecu 6bn and Ecu 7bn or £3.5bn to £4bn to the Community's available income.

The Commission was finally unable to make up its mind about raising extra money by means of a tax on energy consumption. It has reserved its right to make such a suggestion which may be part of a package of measures for energy diversification and development it plans to table in the next month.

Mr Tugendhat, the Budget Commissioner, originally raised the idea of a tax on energy imports which would have helped ease the British payments problem. However, he failed to get this past Viscount

Etienne Davignon, the Energy Commissioner, and the compromise of a tax on private energy consumption clearly raises issues which trouble the Commission.

Of specific interest for the UK is the Commission's proposal to set a 33 per cent threshold for agriculture spending. This means that for as long as the Common Agricultural Policy consumes more than one-third of the total budget (its present share is about 65 per cent) the balance will be financed on a different basis.

Member states' share of these costs would be determined by their share of final agricultural production for those products embraced by the CAP, by their per capita gross domestic product and by their net operating surplus (a measure of national profitability). If this system had been operating between 1979 and 1981 internal Commission figures show that member states would have financed the CAP through the VAT system along the lines of the accompanying table.

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OVERSEAS NEWS

Kathleen Evans, recently in Tehran, reports on the trend towards liberalisation Reformers battle free marketeers in Iran

WHEN Ayatollah Khomeini published a decree last December on abuses of power, many Iranians hoped that for the first time in four years a start was being made towards liberalisation and that an end was in sight to the daily toll of executions and arrests.

The regime was feeling at its most secure, many argued. The opposition forces, principally the Mojahedin appeared to have been wiped out, put in prison or forced to flee the country. Only the continuing arrests for petty offences, un-Islamic behaviour or suspicion of counter-revolutionary activities, was affecting the popularity of the Government.

The decree looked promising enough. The Ayatollah urged an end to petty fault-finding on the part of extremists, that care should be taken by the courts to observe people's rights and that sniping and accusing one's neighbours should end.

It also declared that no judge had the right to issue orders allowing entry into people's homes.

The decree did change many things in Iran, but perhaps not as much as many Iranians would have liked. Immediately after its publication, a few brave women began discarding their headscarves, and even lipstick made a brief reappearance.

There was a fast reaction

against such developments from the fundamentalists however. Women suffered the brunt of the backlash. The Government's interpretation of modesty was rigorously reapplied.

But the decree has generated a general relaxation. A number of officials were removed from their jobs, and people were allowed to protest against unjust arrests.

Foreign businessmen noticed an improvement in the normally chilly but polite relations they had with Iranian officials. Seizures of property by the Foundation for the Deprived, which has taken over thousands of private enterprises failed off, and some companies were even offered back to their former owners. More significantly, the Foundation was asked to produce its accounts within three months.

The move against the Foundation reflected the debate which has been going on about the country's future economic style. On the one side there are the social reformers, represented by the President, Ali Khamenei, the Prime Minister, Hussein Musavi, and the highly popular speaker of the Parliament, Akbar Hashemi Rafsanjani. They are still eager to push through land reform laws and the nationalisation of foreign trade.

These policies have been opposed principally by the Commerce Minister, Habibollah Ascarowadi, and the Labour

Minister, Ahmed Tavakoli, both said to be firm believers in a free market economy. Mr Ascarowadi, whose power base is the bazaar, is believed to have its support in this, and in February mounted a whispering campaign against the Prime Minister and the Speaker about the alleged mismanagement of the economy.

Aspersions were even cast against the popular Speaker over his qualifications to be Friday prayer leader in Tehran, and being a mere Hojatoleslam, roughly equivalent to an arch-deacon. Rafsanjani felt vulnerable enough to stay away from Friday prayers for three weeks.

The differences between the two factions are likely to re-emerge shortly with the proposed labour law, which forbids strikes and the formation of trade unions. Until now, the most powerful argument used against social reform bills is that they are un-Islamic.

The Right-wing Funda-

mentalists were able to demonstrate their new strength last week with the arrest of a second batch of Tudeh Party members. This was followed by a televised "confession" by the Secretary General of the Communist Party, Dr. Nouriddine Kianoori, to charges of espionage and treason.

Dr Kianoori, speaking from prison where he had been held since last February, said he had passed on military and political information to the Russians and had had intermittent contact with them since 1945. The confession whether secured under torture or not—enabled the Revolutionary Prosecutor General, Mostafa Farizi, to go ahead with the dissolution of the party and demand that remaining Tudeh Party members turn themselves in.

The confessions of other central committee members who were also "interviewed" on television, appeared to be designed to portray the party as treasonous, and Marxism as a dead ideology, irrelevant to the Islamic people of Iran.

This final round-up of Communists in Iran will, many observers say, wipe out the last vestiges of potential organised opposition to the regime. The subsequent expulsion of 18 Soviet diplomats from Tehran will bring Iran-Soviet relations to a new low point, and is the culmination of an officially orchestrated campaign against the Soviet Union.

Japanese diplomats said he was badly translated, misquoted and referring to the situation prior to Opec's March agreement on pricing and production quotas.

Official selling rates announced by Iran following conclusion of Opec's Pact involved a discount of \$1.20, to take account of insurance premiums and higher freight costs arising from its conflict with Iraq. Other members of Opec gave Iran discretion to offer a discount for this reason and have not objected to the one given.

Dr Kianoori estimated that the current extra cost of shipping Iranian oil from Kharg Island compared with other Gulf crudes was about 80 cents per barrel, compared to 1-1.25 in March.

The Right-wing Funda-



Speaker Rafsanjani... popular but vulnerable

The expulsions occur at a time of renewed Iraqi bombings of Iranian border towns using Soviet missiles. Relations are likely to sink even lower if Dr Kianoori is executed, as many Iranians believe he will be.

One issue which does unite Iranians is the war with Iraq. Since the disastrous offensive launched last February, certain changes in war strategy have taken place. Losses during the offensive have been estimated to be as high as 8,000 to 10,000, principally volunteers.

Western strategists say they are expecting Iran to adopt much more classical tactics in future, perhaps dispensing with the "human wave" tactic in which thousands of volunteers were sent into the front lines. Success on the ground is vital if popular support for the war is to be maintained.

S. Africa tables power-sharing constitution

BY BERNARD SIMON IN JOHANNESBURG

POLITICAL CONTROL in South Africa is to remain firmly in white hands under the terms of a draft constitution tabled in Parliament yesterday allowing Coloureds and Asians limited participation in central Government.

The draft, known as the South African Constitution Bill, represents the culmination of efforts by the Government over the past eight years to soften its segregationist policies without giving up white control.

Introducing the Bill, the Minister of Constitutional Development Mr Chris Heunis, said that while policy reforms were necessary, the Government was determined not to jeopardise "order and stability".

The major criticism of the new constitution, the broad outlines of which have been known for some time, is its total exclusion of the country's 21m blacks from the new legislative system.

The draft Bill sets out a ponderous mechanism to replace South Africa's Westminster form of Government. A tricameral Parliament will be created by adding to the present white-only House of Assembly a "House of Representatives" for Coloureds, and a "House of Deputies" for Asians.

Provision is made for Parliament to continue functioning in the new system, as may happen if Coloured and Asian representatives are not assured of a significant influence in the legislative process.

The Prime Minister will be replaced by an executive president, whose powers will include the right to determine whether legislation should be passed by all three Chambers or merely by one. The President will be elected by a college dominated

by the majority party in the white legislature. The constitution Bill spells out issues of concern to a specific racial group which can be passed by that community's Chamber acting alone.

These are matters mostly such as agriculture, welfare, water affairs and education. All other measures—including those dealing with black—will require the approval of all three Chambers.

In the case of a deadlock, a measure can be referred to the President's Council, 45 of whose 60 members will be either elected by the white Chamber or appointed by the State President.

The number of Ministers will be substantially expanded. Besides those dealing with "common" matters such as defence, finance and transport in the main Cabinet, there will be a Ministers' Council, where each Minister will have a say in the running of his own interests. Several portfolios will thus each be handled by three Ministers.

Mr P. W. Botha, the Prime Minister, who is likely to be the first executive President, has indicated that the new constitution will have to be passed by Parliament this year, and the Government is likely to implement it during 1984.

Reports are circulating however, that implementation will be delayed until the present white-only Parliament has considered proposals on the future of urban blacks, currently being formulated by a special Cabinet committee.

Mr P. W. Botha, South Africa's Foreign Minister, met a high-level Mozambique delegation at Komatipoort on the border between the two countries yesterday.

Government's optimism aids HK dollar

By Andrew Fisher in Hong Kong

OPTIMISTIC official statements about the Hong Kong economy along with government intervention in the foreign exchange market helped the Hong Kong dollar to reverse several weeks of decline against the U.S. currency yesterday.

Government officials said the colony's exports were starting to move up sharply as the U.S. economy recovered. Exports to the U.S., the colony's biggest market, were 9 per cent higher in real terms and 10 per cent higher in value in the first quarter of 1983 against the same period last year.

The Hong Kong dollar, which had been falling towards a record low of HK\$7 to the U.S. unit, avoided going through that level and rallied to HK\$8.87 against the U.S. unit from HK\$8.91 on Wednesday.

"I'm heaving a sigh of relief," said Mr John Bremridge, the colony's Financial Secretary. But he declined to say anything about government intervention to check the local currency's decline yesterday.

The slide in the local currency has reflected the strength of the U.S. dollar, demand by local manufacturers for the U.S. currency to finance imports, sales of the Hong Kong currency by China, and the underlying question over the colony's future.

Local exporters have also tended to hang on to their U.S. dollar revenues while the local currency has been weakening, in order to obtain maximum profit, and pushing it yesterday further helped the local currency.

Speaking in Manila at the annual meeting of the Asian Development Bank, Mr Douglas Elye, the colony's Secretary for Monetary Affairs, said the Hong Kong economy was poised for a recovery if it was not already on the way. He spoke of a revival of confidence among manufacturers.

Mr Elye said a moderate degree of government borrowing might be necessary if present difficulties in public finances looked like continuing beyond 1983-84 on any substantial scale.

Virata admits offer to quit in IMF loan row

By Emilia Tagaza in Manila

MR CESAR VIRATA, who does not want to resign as Finance Minister of the Philippines, said yesterday that he had offered to resign his post because of controversy over the tough conditions attached to the country's latest \$500m (£360m) loan from the IMF.

Because of a long silence over speculation concerning his future, he admitted at a press conference that he gave his "verbal" resignation last month. He could not submit a written resignation, he suggested, because of the political implications.

Foreign bankers and diplomats who respect Mr Virata have expressed anxiety over the fact that he has come under fire. The attacks have come from politicians in President Ferdinand Marcos' Cabinet who feel the IMF terms amount to an infringement of Philippine sovereignty.

The IMF demanded drastic cuts in government spending to lower the budget deficit from an estimated 14bn pesos (£1bn) last year to 9.4bn pesos this year and 9bn pesos in 1984. Foreign borrowing is also to be cut from \$2.4bn last year to \$2bn this year.

Politicians in President Marcos' ruling New Society Movement, including the party's Treasurer, Mr Roberto Benedicto, object to what they see as the IMF's undue influence. They also fear that the government's measures will adversely affect the party's chances in the election scheduled for next year.

One of the Government projects to suffer from the budget squeeze is the National Livelihood Programme (NKK). Last year, 1bn pesos were allocated for the programme, but to date only 300m pesos have been released.

Mrs Imelda Marcos, the influential wife of President Marcos, who co-ordinates the programme, complained at a recent party meeting about the limitation of funds.

Mr Virata insisted yesterday that the reduced budget passed last year was discussed by the party and the National Assembly, and was approved by President Marcos himself.

India reiterates desire to borrow from ADB

BY OUR MANILA CORRESPONDENT

INDIA YESTERDAY reiterated its desire to borrow from the Asian Development Bank (ADB) despite the relatively small increase in the size of the bank's capital resources and U.S. objections to the move.

The level of borrowing would depend on the level of the bank's ordinary capital resources, said Mr Pranab Mukherjee, India's Finance Minister. "We don't like to disturb the borrowing pattern of the traditional borrowers," he said.

India has previously mentioned a borrowing programme of \$400m (£290m) annually for five years. But Mr Mukherjee said this was based on an

expected 125 per cent increase in the bank's authorised capital for the period 1983-87, and the bank's executive directors have approved a 105 per cent increase in ordinary capital resources to \$16.2bn.

K. K. Sharma reports from New Delhi: Mr I. V. Arkhipov, Soviet First Deputy Prime Minister, arrives in New Delhi next Wednesday for three days of talks with India's Foreign Minister, Mr P. V. Narasimha Rao, at a time when Indo-Soviet economic relations are under threat because of the crisis in their trade arrangements.

The crisis arises mainly out of the heavy adverse balance of trade with Russia in the past few years, particularly in 1982.

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A brand-new station is planned for British Rail's Liverpool Street and Broad Street termini in London.

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The redevelopment scheme will be financed by making available the land adjacent to the stations and the site above the new station for private sector development—a classic case of private and public enterprise working together to mutual advantage.

As a result of this partnership, British Rail will be able to afford to rebuild Liverpool Street and eliminate a notorious bottleneck in the rail network outside it.

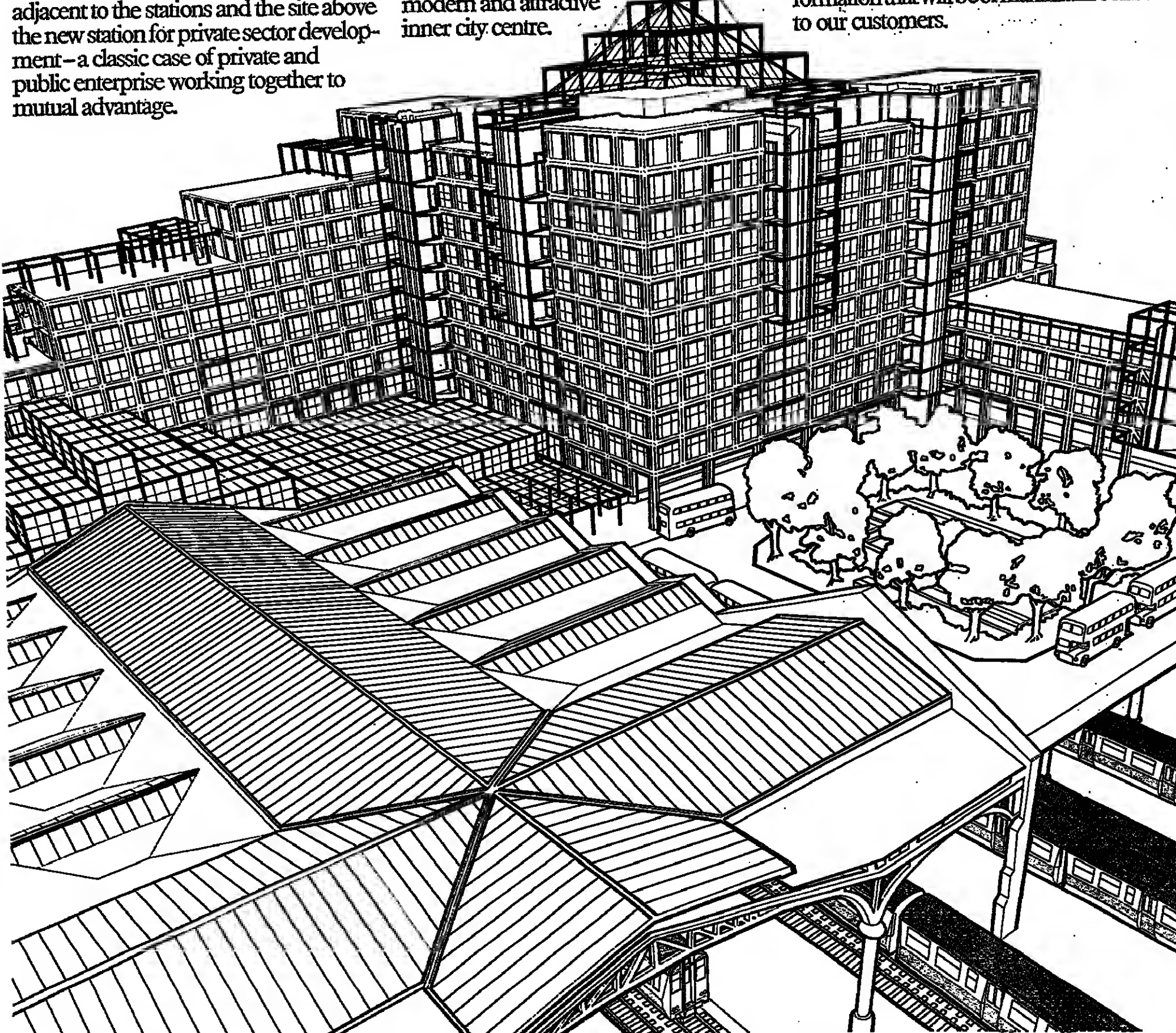
And the 170,000 passengers who come and go from the two stations each weekday will be provided with more reliable services, a much more convenient, modern station and improved interchanges with bus and underground services.

New office blocks and shops will transform the area as a whole into a modern and attractive inner city centre.

In Liverpool Street station itself, some of the original character will be retained by preserving the Western Train Shed—a structure of historic and architectural interest.

The project will take several years to complete, due to the need to maintain train services throughout the construction period.

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AMERICAN NEWS

Nuclear freeze backed by House

By Reginald Dale, U.S. Editor, in Washington

BOTH SIDES claimed victory yesterday after the House of Representatives finally passed a bitterly-contested, but largely symbolic nuclear freeze resolution, ending a marathon debate which spread over seven weeks and occupied more than 40 hours on the House floor. The resolution, which calls for an immediate, mutual and verifiable freeze on the two superpowers' nuclear arsenals followed by arms reductions, was passed by 278 to 149. The House Administration by Reagan Administration by voting in favour, while 43 conservative Democrats joined the mainly Republican opposition.

A significant amendment passed just before the final vote nonetheless allowed the freeze's opponents to claim they had taken most of the steam out of the resolution's impact.

The amendment limited the freeze by stipulating that the subsequent arms reductions must be achieved within a reasonable specified period of time set by the U.S. and Soviet negotiators. The resolution's supporters claimed their position had been vindicated by the clear statement that the freeze should precede arms reductions, rather than vice versa, as President Ronald Reagan has insisted.

They dismissed the provision for a time limit as a mere "nuisance amendment," and claimed the vote represented a major blow to Mr Reagan's arms control policies.

On Wednesday, Mr Reagan described the country's growing freeze movement as counter-productive because it would halt further weapons production at a time of Soviet superiority and remove any incentive for Moscow to negotiate.

The House vote, while politically symbolic, is unlikely to have a major impact on Mr Reagan's policies. It faces an uncertain future in the Republican-led Senate, and would be vetoed by Mr Reagan if it passed Congress. It is in any case dispirited how far it would be blinding on Mr Reagan and his arms negotiators.

AP adds from Moscow: The Soviet Union yesterday applauded the House vote as a move to the Reagan Administration's "militaristic course." The official news agency Tass said the House "has actually given a vote of no confidence in the Reagan Administration's course of escalating the nuclear arms race."

Pershing funds approved

By Our U.S. Editor in Washington

THE U.S. Pershing 2 ballistic missile programme has cleared an important Congressional obstacle with agreement by a key House sub-committee to release previously blocked funds for its continued production.

The Pentagon said prospects for the missile's deployment in West Germany from the end of this year were now "looking good." The House and Senate still have to approve the release of the funds.

Nato plans to deploy U.S. cruise and Pershing missiles in Western Europe as a counter to Soviet SS-20s, barring a breakthrough in the Geneva negotiations on intermediate-range missiles in Europe.

The House appropriations subcommittee on defence on Wednesday night approved all but \$25m on the Pentagon's \$478.6m request to keep the missile's production line running this year. The funds were held up by last December's "lame duck" Congress, on the grounds that the missile had yet to prove itself.

Curbs proposed on U.S. banks' foreign lending

By William Hall in New York

U.S. BANKS will have to set aside special reserves on international loans and face strict curbs on their foreign lending under proposals being considered by the U.S. House of Representatives' banking committee.

The possibility that U.S. banks will soon face much tougher controls on their international lending took an important step forward yesterday with the introduction of a Bill by the International Recovery and Financial Stability Act of 1983 by Congressman Fernand St Germain, chairman of the House of Representatives banking committee.

The Bill was supported by the senior Republican on the committee, which indicates that it has a broad measure of support. The tougher controls on U.S.

For sound economic reasons, no-one wants the counter-revolutionaries back, writes Hugh O'Shaughnessy

Nicaraguan people rally to the Sandinistas

"DON'T ABANDON her, she needs you." The slogan, superimposed on an outline map of Nicaragua to the national colours of blue and white, makes an arresting poster. Issued by one of the Nicaraguan business organisations, it sums up the determination of many entrepreneurs not to be forced out of their country by the propaganda of the Left-wing Sandinista Government.

A decision to stay is as difficult as a decision to leave. "Here I have to put up with a lot of criticism because some people class me as a bourgeois. The businessmen who have gone off to Miami write to me, telling me I'm a traitor to stay on under the Sandinistas," remarked a highly successful retailer in Managua.

"I consider it my duty to stay where I was born, help out with the positive things this Government is doing and voice my criticism of what I don't think is right. I'm a Nicaraguan and I've got as much right to be here as anyone."

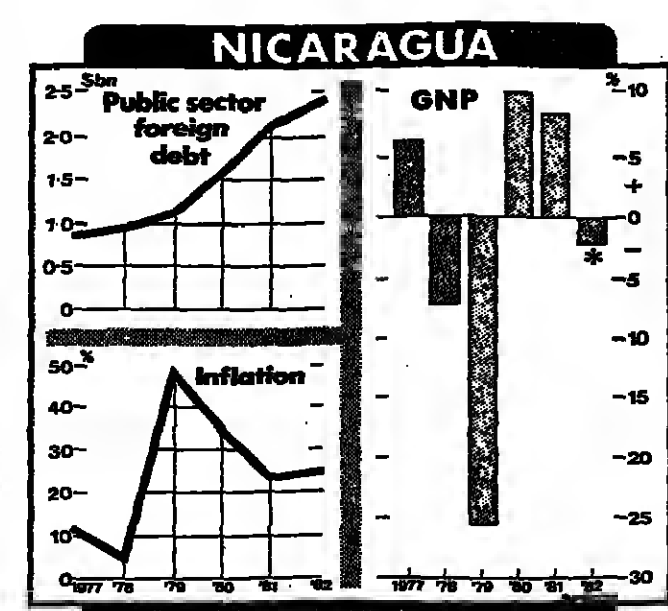
Despite a great deal of loose talk which portrays Nicaraguan society as a rural carbon copy of Cuba and the Soviet Union, the Press kit issued by the U.S. embassy in Managua shows that 80 per cent of agriculture and 60 per cent of industry is still in the private sector.

The Sandinista Government shows every sign of staking to its aim of trying to operate a mixed economy within a pluralistic political framework. There is no denying, however, that some businessmen's morale is very depressed, if only by the import restrictions imposed by a Government which is trying to finance a war against foreign-supported insurgents and facing a very severe foreign exchange squeeze at the same time.

Corn flakes, for instance, are in very short supply, while the only Nicaraguan cigarette factory, Tabacalera Nicaraguense, owned by British American Tobacco, is having difficulty bringing in the filters for some of its brands. Cigarette supplies of all brands are spotty.

"I see the future outlook as bleak—and red," joked one business leader, referring to the party colours of the ruling Sandinista Front for National Liberation (FSLN).

The United Nations Economic Commission for Latin America (ECLA), in a draft report just issued, comments in clinical terms: "Economic difficulties have their effect on relations between government and the private sector because they strengthen the unwillingness of some entrepreneurs to accept the strategies of economic policy of the Government of National Reconstruction which assumed



power in the middle of 1979." Close collaborators of the Sandinista Government forecast that once the invasion of counter-revolutionaries across the northern and southern borders has been mastered, the Government will turn again to making peace with private investors, domestic and foreign.

Shortly after the Sandinistas' defeat of the Somoza regime in 1979, the new Government invited a group of foreign investment experts from the New York-based Council of the Americas to visit and sought their advice on the most equitable terms which could be offered to entrepreneurs from

abroad. The foreign investment law which was put together with their help has not yet been promulgated, but this is expected to happen as soon as the invasion is thoroughly under control.

"It would have been foolish to publish a law about foreign investment at a time when a state of war would have prevented any investor taking advantage of it," commented one of the Government's economic advisers. The law may be brought out at the same time as the long-promised law regulating elections in Nicaragua.

For its part, the Government has no doubts that the invasions will be overcome. The U.S.-sponsored counter-revolutionaries, who include many members of the National Guard of the former Somoza dictatorship, have ignited on spark of sympathy or enthusiasm among the mass of Nicaraguans.

Whatever criticisms there may be about the Sandinistas' domestic policies—and they are many—there cannot be more than a handful of Nicaraguans who would want a return of the Somoza dynasty or of its National Guard.

The hostility widely felt towards the National Guard is at the same time bolstered by the nationalist feelings of Nicaraguans

Managua claims that 1,200 counter-revolutionaries have invaded Nicaragua across the northern border from Honduras and a further 700 over the southern border from Costa Rica.

It also claims that the U.S. government is backing the counter-revolutionaries, a claim that has been backed up by reliable reports in the U.S.

Describing the counter-revolutionaries as "freedom fighters," President Reagan said on Wednesday that the Sandinistas had reneged on promises to promote democracy and hold free elections. He endorsed the idea of giving aid to the counter-revolutionaries one day after the House intelligence committee had voted to ban the financing of U.S. involvement with them.

There are sound economic reasons for the loyalty of the majority of Nicaraguans to the Sandinistas. Though the economic outlook for the Government is sombre, its moves towards a redistribution of income have favoured the poorer strata of society.

The strategy of the Sandinistas' opponents abroad appears to be to wear them down by military attack while pushing them further into dependence on the Soviet Union and its allies.

500 killed in rebel raids, says Managua

By Tim Coone in Managua

MORE THAN 500 Nicaraguans have been killed by right-wing guerrillas inside Nicaragua in the first four months of 1983, and their attacks have caused the equivalent of \$58m (£36.7m) of damage, according to Commander Daniel Ortega, the head of Nicaragua's governing junta.

Speaking at the inauguration of the fourth legislative session of the country's council of state, Commander Ortega also said a chain of bills on the border between Nicaragua and Honduras, taken by an invading force of 1,200 counter-revolutionaries on April 30, had been re-captured.

The Government has also admitted that Costa Rican based guerrillas, using powerful motor launchers, have penetrated deep into Nicaragua by using the long navigable rivers.

A Costa Rican mercenary prisoner, presented to a press conference by the Ministry of Interior, said Panamanians and North Americans were giving military training to the Costa Rican-based guerrillas.



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WORLD TRADE NEWS

OECD to take up U.S.-Europe dispute over export controls

BY CHRISTIAN TYLER IN LONDON AND NANCY DUNNE IN WASHINGTON

A SOURCE of discord between the U.S. and its European allies may have been removed from the agenda of the seven-nation economic summit meeting in Williamsburg, Virginia, at the end of this month.

European governments, led by the British, have succeeded in getting the thorny question of the extraterritorial reach of U.S. export controls taken up by the OECD committee on investment and multinational enterprises.

The controversy became a major diplomatic issue because of U.S. sanctions against the Siberian gas pipeline to Europe last year and has been revived by President Ronald Reagan's Bill for renewing the U.S. Export Administration Act of 1979.

Now a working party of the Paris-based OECD committee, which includes the U.S., is to consider the general implications for overseas investment of such jurisdictional disputes. It will report to its parent committee in September, about the time the U.S. Act is due to expire.

British officials see the OECD decision as a helpful if not final stage in their campaign against the U.S. President's proposals. They believe the commercial arguments against interference in the business of subsidiaries incorporated

abroad may be more telling than the legal objections unsuccessfully deployed up to now.

Meanwhile in Washington, a House subcommittee yesterday completed its amendments to the Bill, considerably weakening many of the key provisions sought by the Administration.

However it included in the legislation two provisions likely to still cause Europeans deep concern.

One would allow the President to impose import restrictions on any company violating national security controls which the U.S. maintains co-operatively with the Cocom countries. This provision gives the President something of what he wants—import controls—but it limits its application to rules agreed upon with the Cocom countries.

A second would close loopholes to exporters who seek to bypass Government restrictions. In other areas, the subcommittee, under pressure from U.S. business, rebuffed the President. The Bill provides contract sanctity for the life of a contract, rather than 270 days as asked for by the Administration.

In an effort to streamline the cumbersome licensing process, legislation decontrols exports of goods to U.S. allies.

While there may be changes,

the legislation is likely to pass the House in something like its current diluted form. The Administration appears to be faring better in the Senate, where Senator John Heinz has introduced a Bill much like the House legislation, but a strong contender is a more "security conscious" Bill introduced by House Banking Committee chairman Jake Garn.

In London, the British have made it plain that if President Reagan presses too hard at Williamsburg on the subject of East-West trade, Mrs Margaret Thatcher, the British Prime Minister, and other European heads of government may voice their distaste with the methods—excluding extraterritorial control—that the President is proposing.

But further evidence that the U.S. does not want to make this a major item on the Williamsburg agenda was provided this week by Mr John Louis, U.S. Ambassador in London. He told a City audience that a co-ordinated programme for East-West economic ties would in U.S. eyes be subordinated to discussion of the international financial and monetary system and free trade.

He declared that the U.S. did not want to "freeze commercial and financial ties with the Communist countries." Nor did it want "economic warfare."

SYSTEM SOLD IN BRAZIL AND KUWAIT

Matra's Third World hopes for videotex

BY DAVID MARSH IN PARIS

SR X, a 45-year-old middle manager with nine years' experience with the Brazilian subsidiary of a multinational company in Sao Paulo, is looking for a job. He punches out his curriculum vitae and work requirements on an electronic keyboard, inserting his personal "work wanted" advertisement or TV screens in businesses around the city—and sits back to wait for the telephone to ring.

That at least is one of the ideas behind a sophisticated videotex system which Matra, the diversified French arms and electronics company, is pioneering in Brazil's industrial capital.

Matra, which has also sold a videotex system to Kuwait and is exploring similar projects in several other developing countries, sees the Brazilian scheme as giving it a key shop window for selling advanced electronics to the Third World.

The Sao Paulo pilot system links up subscribers in homes and companies to data bases providing information on everything from exchange rates and share prices to theatre programmes and sauna baths.

One of the features is a "videojob" display which attempts to match up job offers and demands from people linked with the electronic terminals.

The scheme was officially inaugurated at the end of the month when the number of subscribers passed the 1,000 mark.

With 60 institutions, including around 30 banks and several newspapers and TV stations, wired up to provide services and information, the number of subscribers receiving the transmissions is due to reach 1,500 later this year.

The Kuwait project, due to become operational this autumn, will provide services for 1,300 subscribers in both Arabic and English.

Matra, which has already made a big effort to invade the U.S. videotex market, is also negotiating with several other countries in Latin America and

the Middle East on similar projects. Matra says the initial value of the Brazilian and Kuwaiti contracts is relatively small. The Kuwait order was won on competitive pricing against rival bids from four other countries including Britain's Prestel system.

"The important feature," according to one Matra executive, "is that these type of experiments give us a way of entering the world market, and developing future projects in a lot of other countries."

In the Brazilian scheme, run in collaboration with Telegas, the Sao Paulo telecommunications authority, Matra provides the terminals. The national com-

puter company CII Honeywell Bull supplies the central computer and the French specialised programming company Steria provides software expertise.

The Sao Paulo scheme is modelled on France's own pilot Teletel videotex system being pioneered in Velizy, south of Paris, where a total of 3,000 terminals have been installed up to now. But it has some more advanced technical features, and is geared much more to professional and business use than the Velizy system.

Thomson-Brandt, one of the other major electronics groups, is also making strong efforts to export videotex systems.

Dutch not to stop S. African oil

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government has confirmed it is not to impose a unilateral oil embargo on South Africa. Mr Hans van den Broek, the Foreign Minister, told MPs in the Hague that the most that could be attempted was a limitation of Dutch investment in South Africa in accordance with guidelines laid down by the International Labour Organisation.

A recent report drawn up by senior government officials concluded that unilateral sanctions

would only serve to harm Dutch interests while not cutting off South Africa from its oil supplies. Only multi-lateral action could be expected to succeed.

The Netherlands, through Royal Dutch/Shell and two smaller oil companies, is allegedly one of South Africa's main sources of oil, much of it supplied through Rotterdam and the Dutch Antilles.

AP-DJ adds: Philips' Telecommunications Industrie, a unit

of the Dutch multinational, said it has received an order valued at about Fl 40m (\$9m) from the Indian PTT for the supply of 25 mobile computer-operated telephone exchanges. The project will extend the existing telephone network to cover smaller towns, Philips said. The exchanges, type PRX/A, are housed in mobile containers and will not need any buildings and cabling, but are readily installed and linked to the existing network.

Under the deal, AMC will take over the management of the Peking Automotive Works' four-wheel-drive plant, streamlining production of the existing Chinese model and eventually switch to new lines of vehicles based on the Jeep.

AMC's chairman, Mr Paul Tippet, said the company wanted to use the joint venture as a base to break Japan's stranglehold on the rapidly-expanding Asian market for four-wheel-

AMC signs joint venture to build Jeeps in China

BY MARK BAKER IN BEIJING

AMERICAN MOTORS Corporation hopes to win a substantial share of the booming Asian market for four-wheel-drive vehicles after signing contracts today for a \$51m joint venture with the Chinese Government.

The deal was forecast by an AMC announcement earlier in the week.

Under the deal, AMC will take over the management of the Peking Automotive Works' four-wheel-drive plant, streamlining production of the existing Chinese model and eventually switch to new lines of vehicles based on the Jeep.

AMC's chairman, Mr Paul Tippet, said the company wanted to use the joint venture as a base to break Japan's stranglehold on the rapidly-expanding Asian market for four-wheel-

"This will provide us with a base to compete with Japan. It will permit us to be substantially more competitive," he said.

He said that Japan now controlled about 87 per cent of the market and AMC had found it difficult to compete with its U.S.-built Jeeps, particularly because of high transport costs.

The joint venture is the first to reach the contract stage in the automotive field and one of the biggest of more than 80 joint ventures so far agreed between Chinese and foreign companies.

AMC will have an initial equity of 31.3 per cent in the Beijing Jeep Corporation which will take over the running of the Peking Automotive Works' plant, currently manufacturing about 20,000 four-wheel-drives a year.

Kuwait fertiliser loan

KUWAIT — Kuwait has agreed to lend China \$45.8m

to help finance a fertiliser plant in Urumqi in China's northwest Sinkiang province. The Urumqi plant, designed to produce urea and 1,000 tons of ammonia daily, is to be completed in 1985.

The loan was one of several announced by the Kuwait Fund for Arab Economic Development (Kfawd).

Senegal received a loan of \$21m for a fertiliser project and a \$10m loan for a portable water project and a grant of \$17m to develop a second water project.

Cyprus received a loan of \$8m to complete the Limassol road project, and Upper Volta a \$14m loan for a road project.

AP-DJ

Poland to lay Soviet gas pipelines

By Christopher Sobinski in Warsaw

POLAND will build 427 km of natural gas pipelines in the Soviet Union in the years 1983 to 1985 worth \$1.5m transferable roubles (\$162m), an agreement recently signed in Moscow says.

The pipelines are to vary from 530 mm to 1,420 mm and the contract is also for pumping stations and the accompanying construction work.

Poland will also be able to import an extra 2bn cu m of Soviet natural gas in these three years above existing agreements as a result of the work.

Poland is looking for natural gas imports of between 9bn and 10bn cu m in the year 1990 compared to Soviet natural gas deliveries of 6bn cu m this year.

The Russians have made it clear Poland must participate in their pipeline construction programme in the second half of the decade if supplies are to reach this level, and talks are continuing.

Nuovo Pignone, a part of Italy's Eni group, has won a \$4.3m contract to supply the Sabah Energy Corporation and Sabah Shell Petroleum of Malaysia with compressor units for natural gas reinjection

Swiss suffer decline in tourism

By Anthony McDermott in Montreux

AFTER A record year in 1981, Swiss tourism suffered a fall in net income of 10 per cent last year. Nights spent by tourists fell by just over 3 per cent.

Presenting these figures, Swiss National Tourist Office president, M Jean-Jacques Cerey, said in an interview yesterday that he expected this year to be "as good as 1982 or slightly better."

The total tourist balance—the difference between Swiss spending abroad and tourist expenditure in Switzerland—rose by 3.1 per cent from SwFr 13.1bn (\$44m) to SwFr 13.5bn in 1982.

But within this, spending by tourists (and includes businessmen) in Switzerland hardly changed from SwFr 7.84bn in 1981 to SwFr 7.8bn last year. Swiss spending abroad rose over the same period by 4.6 per cent from SwFr 5.26bn to SwFr 5.5bn. The consequent surplus—which covered over 40 per cent of the country's trade deficit of SwFr 5.4bn in 1982—fell by 10.9 per cent from SwFr 2.58bn to SwFr 2.3bn.

Swiss tourism nights fell by 3.3 per cent from 79.9m in 1981 to 76.5m last year.

£30m U.S. plant to use Irish forest thinnings

BY BRENDAN KEENAN IN DUBLIN

A £30M PROJECT nearing completion in County Tipperary could add 250m to Ireland's annual export earnings and develop new European markets for a product which has, until now, largely been confined to the U.S.

Multi-density fibreboard (MDF) is a high-quality timber substitute which, though made from wood chips, can be sawn and machined like wood, without the disadvantages familiar to every handyperson of splitting and knots.

It has been a spectacular success in the U.S., where the market for MDF grew by over 20 per cent per annum during the 1970s and is expected to increase threefold by the end of the decade.

Western Europe has been slower to adopt MDF, which is used mostly in furniture making and joinery. Current estimates value the European market at £50m per year and this is expected to double in the next ten years.

The product was identified by Ireland's Industrial Development Authority (IDA) as a promising vehicle for the use of thinnings from Irish state forests. These were planted after the war and the semi-mature trees must now be

thinned, which means output from the forests will double by 1990.

The general pulpwood market has been depressed since 1974 but the IDA believes the MDF can beat the trend. They made a deal with the Medford Corporation of Oregon, whose sales of MDF came to over \$20m in 1981.

Medford are building an MDF plant in Clonmel, Tipperary. The IDA is investing some £12.5m and hopes that 400 jobs will be provided supplying the plant with logs.

Medford executives are concerned about ensuring a steady flow of logs from the forests or so suppliers in the various forests.

They also have to persuade the Irish Forestry Department, which has spent 40 years planting trees to adjust to the task of chopping them down. "Trees grow so quickly in Ireland," says one Medford man, "that some of these guys were involved in planting the seedlings. They're emotionally attracted to them."

Medford already exports a quarter of its MDF production and hopes to sell most of the thinnings from Irish state forests. These were planted after the war and the semi-mature trees must now be

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UK NEWS

BTR go-ahead but block on Johnson bids

BY RAY MAUGHAN

The Department of Trade yesterday officially cleared the £800m bid by BTR for Thomas Tilling, the industrial holding company, but accepted a Monopolies Commission finding that both the competing bids for Johnson Group Cleaners, Britain's largest dry cleaning operation, should be blocked.

The Department also took the unusual step of giving advance notice of the publication date of a Monopolies Commission report into a third merger, the contested £75m bid by Linford Holdings for Fitch Lovell.

BTR is free to pursue the biggest industrial takeover in UK corporate history, and its offer reaches its first closing date next Tuesday.

Tilling's shares, however, reacted to the profits forecast of £35m for the current year and for the first time in this contest stand at a premium to the value of BTR's equity terms. These were worth 204p per Tilling share last night against a

market price of 211p, up 21p. BTR has already acquired just over 9 per cent of Tilling.

The Monopolies Commission advised, after an extended investigation, that the proposed acquisition of Johnson by either Initial or Sunlight Service Group would increase concentration and reduce competition in the whole of the £480m textile maintenance market.

Warning has also been given that the Monopolies Commission report into the £75m offer for Fitch Lovell, the food manufacturing and wholesale group, by Linford will be published next Thursday. This deal is exceptional in that Fitch has conditionally agreed to sell its principal retailing chain, Key Markets, to Safeway Food Stores for £24.8m.

That agreement was struck last week, subject to a clearance from the Office of Fair Trading and its shareholders' approval on May 20.

1,000 jobs to go at Black and Decker

By Richard Lambert in New York

BLACK & DECKER, the U.S. tool-maker, is to close its plant at Harmondsworth in England with the loss of 630 jobs and another plant at Kildare, Ireland, which has 270 employees. With ancillary workers, the moves will cost about 1,000 jobs.

Production at the Harmondsworth factory, which makes power tools mainly for the professional market, will be shifted to Springfield, County Durham, which will become the group's only major manufacturing site in the UK.

The Kildare plant manufactures the Workmate workbench for the European market. Production will be shifted to other locations, mainly in North America.

Black & Decker's European sales last year totalled \$845m, compared with \$500m in the U.S.

Last month, the group reported earnings from continuing operations down by 28 per cent to \$15m in the second quarter of the current financial year, and in the 12 months to last September, it lost \$76.6m.

Treasury to open up financial futures for pension funds

BY CHARLES BATCHELOR

THE TREASURY has cleared the way for pension funds to play a more active role in the seven-month-old London International Financial Futures Exchange (Liffe).

Mr Leon Brittan, Chief Secretary at the Treasury, told the House of Commons yesterday that a new clause would be added to the Finance Bill bringing the tax treatment of financial futures transactions into line with other pension fund investments.

A financial futures contract is an agreement to buy or sell a standard quantity of a specific financial instrument, such as a Eurodollar deposit or an amount of foreign currency, at a future date and at an agreed price.

Inland Revenue restrictions have hampered a number of investment institutions from participating more actively in financial futures, and have slowed the growth of the market.

Pension funds have in the past been able to claim exemption from tax on financial futures dealings only if they took delivery of the con-

tract, although in normal trading very few contracts come to delivery.

Mr George Dennis, director of securities investment for Postel, the Post Office pension fund, and chairman of the National Association of Pension Funds committee which lobbied for change, said: "We are very pleased we will be given the same treatment on both the cash and futures markets. This is a big step forward."

He forecast that the change would allow pension funds, which manage £750m-£800m worth of funds, to start out by arbitraging the cash and futures markets. They would then trade on Liffe through professional intermediaries such as the banks, and finally the more sophisticated funds would set up their own financial futures operations.

Mr Michael Jenkins, chief executive of Liffe, said: "We are very pleased, but the immediate effect will be negligible. Pension funds will have a greater incentive to use the market, but I don't think anyone will rush in."

Unions and Labour tune up for election

By John Lloyd and Philip Bassett

LABOUR PARTY and union leaders are expected to agree today that the major themes of Labour's election campaigning will include the need to redistribute wealth, the recreation of social consensus and the strengthening of the role of trade unions.

A conference, to be held in London over two days, will bring together all the leading figures in the unions, the parliamentary Labour Party and the national executive for the first time since the last general election. Its object is seen as clearing the decks for a mighty push to convince a doubting electorate of the credibility of Labour's alternatives to present Government policies.

The Trade Unions for Labour Victory organisation, which called the conference, is to put itself and its funds at Labour's disposal for the election, probably under a unified command.

BP reveals £31m outstanding in cheap loans to employees

BY ALISON HOGAN

BRITISH PETROLEUM has £31m of loans outstanding to employees who have taken the opportunity of borrowing the money at generous interest rates of 3 per cent, well below market levels.

Some 2,850 employees have used the facility which was introduced when the last government imposed a wage freeze on incomes in excess of £2,500 a year.

Employees must have worked for BP for 10 years before they become eligible for a loan, which since 1981 has been limited to a maximum of £10,000.

Before that, the figure was up to the value of one year's salary.

BP directors are excluded from the scheme. They have to pay an interest charge of 12 per cent, down from 15 per cent nine months ago.

Mr Peter Walters, chairman of BP, told anxious shareholders at yesterday's annual general meeting that the total of loans outstanding was coming down slightly each year. He refused to say how much the

company lost through the unco-

economic interest rates charged for the loans.

"We do not see it as a cost to the company," he said. The loans were introduced as a way of maintaining the quality of management.

When the pay freeze was introduced, employees were brought under considerable economic strain and could get a salary increase only by moving jobs to another company, he added.

Last year BP's salary bill increased by 24 per cent, mainly a result of the cost of paying 50,000 U.S. employees at a higher dollar/sterling rate. Mr Walters said the real rate in the UK was 8½ per cent, which was mid-range for the high technology sector that BP was in.

British banks who have traditionally given cheap loans to employees have no figures available on the level of lending to their staff.

ICI, one of largest UK companies, has no cheap loan scheme available to employees.

Gas sufficiency hopes raised. Page 8

Hunt assets frozen by High Court order

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WIDE-RANGING orders designed to trace, freeze and then retrieve the assets of companies in the empire of Mr Keith Hunt, the Warwick investment manager who disappeared last week, were made in the High Court yesterday.

Among those affected by the orders are four banks and 61 UK and offshore "investment companies", all of which are believed to be holding Hunt company assets.

The orders were made on applications by the Official Receiver, the court-appointed provisional liquidator of Exchange Securities & Commodities and five other Hunt companies facing winding-up petitions from the Department of Trade.

Mr Hunt - who, the court was told, had not been traced despite intensive inquiries - and 20 other companies associated with him were ordered not to remove any of their assets out of, or deal with them within, the jurisdiction, without the Official Receiver's consent.

A similar freeze was imposed on Hunt assets held by the National Westminster, Midland and Lloyds Banks, the Banque Paribas de La Tamise, and the 61 "investment companies", which were not named in court.

The 61, some said to be "household names", include commodity brokers and dealers, investment banks and stockbrokers based in the UK, Hong Kong, the Isle of Man, the Channel Islands and the Cayman Islands.

The assets they are believed to hold include cash and share and unit-trust certificates, Mr Philip Heslop, for the Official Receiver, told Mr Justice Harman.

He said a two-stage move was envisaged - first to locate and freeze Hunt assets worldwide, then to retrieve those belonging to the six plaintiff companies.

Mr Hunt, the defendant companies, the banks and the "investment companies" were also ordered to

produce all documents relating to the affairs of Hunt companies.

An order first made a week ago, permitting the Official Receiver to search six offices in Warwick, Leamington Spa and London and seize relevant documents, was extended to include any other premises found to be connected with Hunt companies.

Mr Heslop said 21 more premises had already been discovered as a result of the "search and seize" order, and there was reason to believe that there were others.

The judge appointed the Official Receiver as receiver and manager of four of the defendant companies.

Mr Edward Bannister, for Mr Hunt's co-directors of three of the four - Exchange Securities Investment Management, Exchange Securities International and Exchange Securities Financial Services - said they welcomed such a move.

He emphasised that there was no suggestion of impropriety conduct on the part of the directors he represented. The judge said that "in a matter like this" it was important that that should be made clear.

Mr Bannister said they were concerned that the matter should be dealt with as thoroughly and expertly as possible, with the continuing stream of customer inquiries being handled by the Official Receiver.

Mr Heslop said that where substantial sums of money belonging to the public might have been misappropriated, it was important to have experienced people in the saddle, protecting and preserving assets.

The orders will remain in force until a further court order, or, in the case of the "search and seize" orders, until they have served their purpose.

The empire that never was. Page 18

Bank governor warns building societies

BY MARGARET HUGHES

LORD RICHARDSON, Governor of the Bank of England, yesterday warned the Building Societies Association of the possible dangers of undermining public confidence if the societies became more directly involved in the banking business.

Speaking to the Association's annual conference, Lord Richardson pointed to the "very special confidence" which the public places in the movement which he said, could be affected by any rapid and wide ranging diversification by only a few societies. He cautioned that the pace and direction of change should not undermine this confidence.

Equally important, wider diversification would in even sharper focus the questions now being asked about the accountability of the societies' boards of directors. Another critical question would be the call for wider ranging and rather different forms of prudential control both within the society and by the Registry. Experience in the banking sector, he elaborated, strongly suggests that as societies broadened their activities, their prudential supervision

would need to become increasingly positive.

Commenting on the recently published Spalding Report, Lord Richardson said he was "no opponent of change" but added that the report raised a number of important questions.

Lord Richardson pointed out that some of the recommendations of the Spalding Report, if adopted, would bring societies into new activities of higher risk. They would also involve them, albeit through special subsidiaries, into activities governed by statutes other than the Building Societies Act and by supervisors other than the Chief Registrar of Friendly Societies. Any bank or licensed deposit taker owned by a society would, under the Banking Act, be supervised by the Bank of England, which carried wider implications than had been set out in the report.

In particular, the Bank would require the parent company to provide fuller support than required by the limited liability law for any subsidiary "in need."

Canon: Right Product, Right Price, Right Time

By Geoffrey Murray

Canon has grown in recent years through an emphasis on providing the right equipment at the right price at the right time. Its traditionally strong base has been cameras, which it started manufacturing in 1935. In 1976 it introduced the first 'Microchip' camera (AE-1) and from then the 35mm camera changed dramatically to what it is today - a highly sophisticated piece of electronic equipment - but simple to use. In recent years, the company has moved strongly into business machines. Its first business equipment - microfilm - was introduced as far back as 1959, but now it is recognised as a brand leader in the plain paper copier market and it is broadening its base into other business equipment - such as the recently introduced 16 bit computer and what Canon claims is the world's smallest facsimile for the businessman on the run. Only a year ago it entered the electronic typewriter field, and in that space of time, Canon has become the fourth most popular maker, according to a U.K. dealer's rating. All these activities are carried out under the umbrella of Canon (U.K.) Ltd.

Murray: What is the corporate and operational structure of Canon (UK) Ltd?

Yamashita: Canon cameras were sold through an independent distributor until 1982 when the Camera Division of Canon (UK) was formed. Canon Business Machines, based at Croydon, was formed in 1976 and became the business machines division of Canon (UK) at the start of 1982. The company has grown immensely in the past six years. Last year we had a turnover of \$9 million pounds.

Murray: Do you regard yourself now as a British company?

Yamashita: We now employ about 600 British staff. That represents 99 per cent of the work force, so we certainly regard ourselves as British.

The Japanese presence is minimal, because it is company policy to leave the management to the people best equipped to know their own market requirements. We are constantly moving towards a closer identification with Britain. This is reflected partly in our advertising, but we are becoming more and more active in the area of sponsorship. We have been active in show jumping and motor sports in the U.K., as well as athletics and soccer. We have also become involved in charities and in promotion of the Arts. These programmes are designed to show that we do care and want to help, as well as developing a better understanding of Canon.

Murray: What sort of corporate image are you trying to project?

Yamashita: I don't think this is something we necessarily want to stress. Very often, corporate images evolve as a result of the particular behaviour of a company in society. One of our stated aims, however, is to become a "Blue Chip Company by 1989," and our management, production and marketing policies are all geared to achieving this. But in striving to reach our goals, we are very conscious of the need for care and consideration of others. We make great efforts in all our activities to present an image of a caring company, not only to the staff and customers but to the world at large.

Talking solves problems

Murray: Do you have any problem marrying Japanese and Western business concepts into a successful local operation?

Yamashita: The basic business concepts really are not that much different. We are trying to identify market requirements and

maximise our efforts to meet those requirements, which is a pretty basic business maxim throughout the world. Problems can occur, of course, due to differences in individual customs and cultural practices. We don't believe there is any particularly right or wrong way in either set of cultural customs, and at Canon we strive to compromise in the interests of working harmony. Of course, there are internal differences. Doing things in the short term to benefit Canon (UK) may not always fit in with the long-term viewpoint of Canon Inc. But, in fairness, we try to plan sensibly to overcome these difficulties. Reconciling differences is usually a matter of sensible communication. We don't write a lot of memos to each other... that is cold and unfriendly... but we go and talk to each other, explaining our problems and looking for an amicable solution. Time spent doing this is time well spent.

Murray: What sort of effort do you put into developing good communications within the company at all levels?

Yamashita: We have strived to establish a coordinated network of responsible people able to communicate effectively with each other. We have regular management meetings, from which policy decisions are then disseminated to all staff within the head office and the product divisions at a regional level (we now have offices in Basingstoke, Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Manchester and Southampton as well as London). At this stage, those staff - especially in the regions - have the opportunity to comment on management decisions, which are then reviewed to ensure all aspects of a particular policy have been considered. Again, I would stress that this is time well spent, because invariably a logical, well-balanced result emerges which can only benefit us in the long term. So, we do get a bottom-up reaction (to quote a popular Japanese expression), not only in relation to our own decisions but also with suggestions that are put into the system for consideration. There is a similar process between London and Tokyo. The head office will advise us on what they feel is the proper way to proceed on a given subject, but have great respect for the fact that we must have a superior knowledge on the local market. So, there is a very harmonious operation. I think this has been achieved by giving people authority and responsibility. We have set up profit cost centres, whereby senior managers are responsible for their own expenditure and profit. They are able to make their own decisions on how money should be spent and can perform against their own targets and make changes if they become necessary.



Yukio Yamashita
Managing Director
Canon (U.K.) Ltd.

Murray: Have you experienced any particular difficulties?

Involve staff in everything

Yamashita: Not really, we have managed to overcome a lot of basic difficulties early on by giving people responsibility and respect. If there is one area which I did find confusing, I would say that it is the fact European management tended to manage from the top downwards whereas I had always been used to a more "democratic" system. Naturally, this is something that evolved over generations. But I do believe that to get the best from people you must encourage and involve them in all aspects of your business activities.

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UK NEWS

BP boosts outlook on natural gas sufficiency

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM has produced evidence showing that there are sufficient natural gas reserves to meet the whole of Britain's needs until at least the turn of the century.

The projection - laid out in presentations to the Energy Department and British Gas - comes at a time when the Gas Corporation is competing vigorously for a large amount of fresh supplies from the Norwegian sector of the North Sea.

British Gas maintains that it will need deliveries from both the Norwegian and UK portions of the North Sea in order to meet demand in the late 1980s and 1990s. The corporation has made much of the fact that the UK's own gas reserves cannot be exploited quickly enough to fill the looming gap between supply and demand.

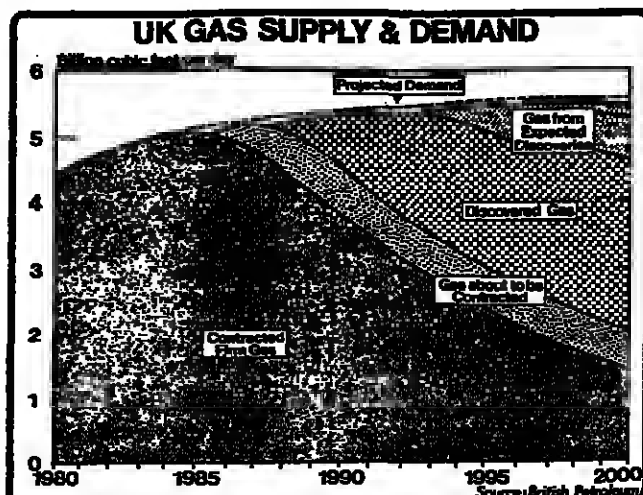
The extent of the potential shortfall is highlighted by BP's studies. These show that British Gas will need to find 12,000bn cubic feet of new supplies between now and the end of the century. That is roughly one-third of the amount of gas that the corporation is expected to sell over the period.

Without new supplies the shortfall will grow as existing supply contracts expire and the Gas Corporation's sales increase - from about 4.75bn cubic feet a day (cf) at present to between 5bn and 6bn cf in the 1990s.

This is the reason British Gas is now competing against other European gas interests for about 1bn cf of new supplies from the large Norwegian Sleipner Field operated by Statoil, the Norwegian state oil corporation. Sleipner gas could transform the Gas Corporation's supply position.

Oil companies, which would like to see gas prices go even higher, are concerned that their negotiating leverage could be weakened if British Gas is successful in buying a large amount of fresh gas from Norway.

Furthermore, UK offshore opera-



tors are worried that they may have to sit on some of their unexploited fields until well into the next century when Sleipner supplies begin to fall off.

It has always been the Gas Corporation's policy - in the interest of supply security - to see UK reserves exploited gradually rather than in a short-lived rush. The corporation has already raised with the National Coal Board the possibility of building a series of coal gasification plants, starting in the 1990s, in order to ease out natural gas supplies.

But is British Gas being too cautious? Is it being too pessimistic about supply opportunities in the UK sector of the North Sea? British Petroleum's studies could throw new light on the subject, although the company would be the first to admit estimating reserves is an inexact science.

Even so, BP indicates that there may be more UK gas available in the next couple of decades than most of the other studies have shown. The company has identified 50,000bn cubic feet of recoverable new gas - two thirds in discoveries

already made and one-third in un-drilled geological prospects. These potential reserves are said to be evenly distributed between the southern, central and northern areas of the North Sea. Even more could be found in largely unexplored areas, such as the English Channel and west of Shetland.

BP reckons that 35,000bn cubic feet of gas could be developed and transported to shore without the need for unrealistically high prices. And it concludes that it would be possible completely to fill the 12,000bn cubic feet supply shortfall up to the turn of the century with prices of between 20p and 30p a therm in 1983 money.

Although BP is more optimistic than most about the speed with which UK reserves could be exploited, its assessment of the amount of gas which might be available is in line with latest Government estimates. Figures published by the Energy Department last month put the remaining recoverable gas reserves in the range of 30,000bn and 60,000bn cubic feet, sufficient to meet the current level of UK demand for 17 to 35 years.

Privately funded M-way link planned

TARMAC, the Wolverhampton-based construction industry group, is close to agreement with the West Midlands County Council on proposals for a £45m, privately funded public road linking Wolverhampton with the M6 motorway.

It said that merchant bankers Robert Fleming had put together a financial package to attract private investors to the scheme.

Mr Peter Pople, group economist, who prepared Tarmac's original plans and assessments on the concept of private finance for public highways in connection with the group's work on the Channel Tunnel, said the plan would open up prospects for work in an area which has one person in four unemployed.

He said the 10 kilometre route, from the A4122 Birmingham/Wolverhampton road just south of Wolverhampton, through the demolished Bilston steelworks to Junction 10 of the M6, was not even on the Transport Department's list of suspended trunk road projects.

Sports goods deal

NORTH FACE, an American company specialising in camping, skiing and mountaineering equipment, has signed an agreement with Black and Edgington, the Scottish-based camping and sports goods manufacturers to acquire certain assets of its subsidiary Vango Scotland, in a deal worth \$250,000.

The US company said the development was a logical extension of the "company's aggressive international expansion." A new company, North Face (Scotland), would be formed.

Woolworth recruit

F. W. WOOLWORTH, the stores group which has been strengthening its management team, yesterday announced the recruitment of another executive. Mr Colin Brown, who has been deputy managing director of the Dutch-owned Makro Stores Group, will join Woolworth as an executive director in mid-June.

Last week Mr Richard Barker of Asda was appointed to the board of the Woolworth group.

Aveling jobs to go

AVELING BARFORD, a BL subsidiary which makes equipment for the construction industry, yesterday issued redundancy notices to 200 of its 1,100 workers at its Grantham, Lincolnshire, plant. Workers rejected a productivity deal which could have saved the jobs.

Mr Don Gossop, engineering union organiser at the plant, said the deal would have made the workers worse off.

£1.9m for armour suit

AN AMERICAN collector paid more than £1.9m yesterday for a suit of armour made for King Henry II of France by Giovanni Paolo Negrelli, the 16th century Milanese armourer. The sale of arms and armour from Haver Castle, Kent, the property of Lord Astor, totalled £2.7m at Sotheby's in London.

More pottery jobs

ROYAL DOULTON, the Staffordshire pottery company, is taking on 190 workers to keep up with a recent upturn in business. The UK pottery industry has lost 20,000 jobs in the last five years.

Comet discovered

AN AMATEUR astronomer has discovered a large comet approaching the earth. Mr George Alcock, a retired schoolmaster, spotted the comet through binoculars at his home in Petersborough, Northants.

Gas blast claim against Shell is thrown out of England

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGES decided yesterday that Shell Internationale Petroleum Maatschappij cannot be sued in the English courts over a disaster at a liquefied gas plant in Qatar resulting in loss of life and damage exceeding \$533m.

A claim against Shell by Qatar General Petroleum Corporation (QGPC) must be pursued in a Paris arbitration under the rules of the International Chamber of Commerce (ICC), London's Appeal Court ruled.

QGPC's appeal against a Commercial Court decision that an English writ could not be served on Shell out of the jurisdiction was dismissed with costs. QGPC was refused leave to appeal to the House of Lords.

Lord Justice Ackner said that in 1973 and 1975 Shell agreed to supervise the erection of a natural gas liquefaction plant by an English company, Whesee, at Ura Said in Qatar, and to operate it. The agreements were

governed by Netherlands law and involved ICC arbitration of any disputes.

In 1976 there was a failure in a propane tank, costing \$3,262,140. The following year the tank failed again. The judge said: "There was a terrible disaster involving the total destruction of the plant and considerable loss of life. The losses are said to amount to \$533,244,447."

QGPC issued a writ in the Commercial Court claiming damages from Whesee and Shell. Shell refused to accept the writ.

QGPC contended that part of its claim against Shell was outside the scope of the arbitration provision and therefore should be dealt with in a court action.

Lord Justice Ackner said QGPC and Shell were committed to the Paris arbitration, due to begin in November. It was reasonable to assume that it would be over before a judgment could be given in the English court action.

SDP sets airtime poll puzzle

By Peter Riddell, Political Editor

A MAJOR row is likely over the allocation of television and radio times during the General Election campaign.

Once the date of polling is announced, the committee on party political broadcasts, consisting of representatives from the broadcasting authorities and the main political parties, will meet to decide on allocation of broadcasting time.

The decision will determine not only the distribution of election broadcasts put out by the parties but also the allocation of "air time" of all television and radio programmes. This would, for example, affect the balance of time between the parties on the main television news programmes, which is regarded by the parties as of key importance in putting over their message.

The Social Democratic Party (SDP)/Liberal Alliance argues that it should have parity with the Conservatives and Labour. The latter want to retain the formula used in the 1979 election of a ratio of five broadcasts each for Conservatives and Labour and three for the Liberals.

The problem is that, while there is a statutory obligation to maintain a political balance, there are no formal guidelines on the allocation of broadcasts. The decision has in the past been made as a result of discussions between the parties, on the basis of support at the previous general election and of the number of candidates standing.

It is likely to be very hard to reach agreement this time. The broadcasting authorities may have to work out an allocation for the first time, and there is also a possibility of legal action. There has been similar wrangling over the allocation of ordinary party political broadcasts so far.

SDP and Liberal leaders argue that much has changed since the 1979 general election, in particular the formation of the Alliance, which is putting up candidates in every seat in Britain, and has a higher level of public support than the Liberals had on their own.

The Alliance has pointed out that in 13 parliamentary by-elections since the formation of the SDP two years ago its candidates received 32 per cent of the vote, in total, compared with 30 per cent for the Conservatives and 33 per cent for Labour.

Consequently, the SDP and Liberals argue that it would be unfair and undemocratic for the Alliance to be allocated less than five broadcasts, the same as the Tories and Labour.

Thatcher says Polaris not for negotiation

BY KEVIN BROWN

MRS MARGARET THATCHER, the Prime Minister, yesterday flatly ruled out any disarmament negotiations on intermediate nuclear weapons which would include the British Polaris forces.

She welcomed in the House of Commons the latest offer by Mr Yuri Andropov, the Soviet leader, to negotiate about warheads rather than missiles as a step towards meeting Nato demands.

But she forcefully dismissed as an attempt to delude Western public opinion the Soviet leader's parallel insistence that British and French nuclear weapons should be included in the talks.

Mrs Thatcher was also scathing about the resolution adopted by the U.S. House of Representatives calling for a nuclear weapons freeze. That would simply freeze Soviet military superiority, she said.

Her statement echoed the view of Mr Casper Weinberger, the U.S. Defence Secretary, that the Soviet Union might be trying to force the Intermediate Nuclear Force (INF) negotiations in Geneva into dead-

lock without appearing to be at fault. But her response to Mr Andropov's offer was condemned by Mr Michael Foot, the Labour leader, as "totally inadequate."

Cheered on by the few Labour MPs not out campaigning in local elections, Mr Foot said her statement came at the most critical time in the Geneva talks and could block the way to an agreement.

Mrs Thatcher said she had made it "perfectly clear" that the Polaris missiles could not be included in the INF negotiations.

Mr Foot demanded: "If it is possible for these matters to be discussed at the Strategic Arms Reduction Talks (on long-range missiles) why should it not be discussed at the INF talks if it would help them to succeed?"

Mrs Thatcher replied: "These are absolute last resort deterrents. They are already the absolute minimum to deter, and we cannot give up the absolute minimum without robbing this country of a very necessary part of our defence."

Assurances sought on reactor plan

By a Special Correspondent

LOCAL AUTHORITIES in Suffolk are calling for more explanations and more work from the Central Electricity Generating Board (CEGB) on the safety aspects for the proposed reactor at Sizewell, on the east coast of England.

The county and district authorities also want a change of design in the pressure vessel because of concern that all cracks cannot be detected by existing technology.

The CEGB was asked yesterday at the Sizewell public inquiry to provide an explanation of its calculations on the risk of a core meltdown - a risk which is claimed to be 50 times lower than previous studies have suggested.

The local authorities have employed a team led by Prof David Leslie, professor of nuclear engineering at the University of London, to study safety aspects of the proposed pressurised water reactor.

The authorities are not objecting in principle to a further nuclear plant at Sizewell, but want to be satisfied over safety and to ensure there will be minimum disturbance to the population and the local environment.

Prof Leslie told the inquiry that the safety team was not satisfied that the consequences of errors by plant operators had been sufficiently taken into account.

Lloyd's syndicate faces £3m losses bill

By John Moore
City Correspondent

LOYD'S underwriting members who form an insurance syndicate, including Mr Lester Figgott, the jockey, have been warned that they are likely to have to pay at least £3.5m each to meet £3m losses.

The 98 members of the syndicate, most of whom do not work in the Lloyd's London insurance market but who pledge their private wealth to allow the market to function, were warned of the developments at the end of last month.

The syndicate affected by the losses is known as number 822 at Lloyd's and was, until the beginning of this year, managed by Oakley Vaughan (Underwriting), the underwriting agent. Since then, the syndicate has been under the management of Robert Napier, another underwriting agent, after Oakley Vaughan ceased to manage the affairs of underwriting syndicates at Lloyd's.


The syndicate specialised in aviation insurance business and in 1981 was the subject of an investigation by Lloyd's into its relationship with the Lloyd's Oakley Vaughan broking company.

In the letter to underwriting members, Mr Robert Napier, chairman of the Napier underwriting agency, has said that losses on the insurance activities of the syndicate "cannot be accurately assessed at this stage. In addition there is a very serious problem of delinquent security on the syndicate's outward reinsurance, so we consider that it is not possible at present to close the 1980 year of account."

The syndicate is having considerable difficulty in recovering money owed to it by reinsurers on reinsurance claims. Like all Lloyd's syndicates, syndicate 822 laid off part of its business with reinsurers to protect itself against overseas losses.

For individuals on the syndicate, the losses amount to £17,000 for each £10,000 of business they have accepted, and the underwriting agent is expected to ask for a cash call of 50 per cent of the losses - £2,500. Most members on the syndicate accepted more than £10,000 each of insurance business.

Lloyd's action dropped, Page 11

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UK NEWS

Racal-Milgo is denied appeal in ruling over Codex patents

BY GUY DE JONQUIERES

THE HOUSE of Lords yesterday rejected a petition by Racal-Milgo, the UK data communications subsidiary of Racal Electronics, for leave to appeal against a court ruling that it had infringed patents belonging to Codex, part of the Motorola group of the U.S.

This decision means Racal-Milgo must pay Codex profits which it has made on the sale in Britain of 9600 high-speed modems. Racal launched the 9600 modem, which is used to connect computers to tele-

phone lines, in Britain in the mid-1970s.

The exact sum involved is not known. Racal said, however, that it would be required to pay Codex "some of the profit" and indicated that it did not expect the outcome of the case to have any significant impact on its financial performance.

It said it had already started negotiations with Codex for a licence to use the patented invention involved in the dispute, and that talks

would continue next week. Codex had told the House of Lords that it would grant licences on a non-discriminatory, non-exclusive basis and on reasonable conditions.

Racal-Milgo said that there should be "little interruption" to its supply of 9600 modems, and that customers which had bought or leased the products would have no problems using or maintaining them.

Codex would not comment on the likely impact of the case.

Oil trade centre planned for Aberdeen

MARK MEREDITH explains why Scotland's oil city needs a market place for British companies

AN OIL trade centre has been proposed for Aberdeen, to promote British companies in the largely foreign-dominated offshore industries.

The plan originates from private sector companies and several senior British executives of American and foreign companies in the City worried by the lack of a substantial impact by UK companies in the sector, which spends possibly £5bn in exploration, development and operating activity.

The trade centre would be a market place for companies to sell onshore and offshore services and for offshore operators to find new resources.

American oil companies have provided the backbone to UK offshore oil developments and many have set up UK subsidiaries to handle their North Sea operations. The proportion of British workers in these subsidiaries has risen constantly during the past 10 years.

Foreign companies are needed but there has been a nagging concern among Aberdeen offshore support companies about the extent of real UK development in this highly competitive and lucrative sector.

"We are not really the ringmasters in our own circus," said one of the organisers.

The backers have a particular interest in small companies with specialist off-shore technology developments, which traditionally have found it difficult to break into the UK off-shore market because of the lack of marketing experience and to a certain extent because of reluctance by big oil companies to move away from tried and tested systems.

A draft of the proposal, which is supported by several private and

public sector institutions, suggests that the centre should be run on commercial lines offering marketing information, consultancy services, broking for joint ventures and agency link-ups, financial advice, a library, and a place for making contracts and co-ordinating trade missions.

British offshore industrialists in Aberdeen fear that, as new oil developments start overseas, there will be insufficient exportable oil technology from Britain.

They point to real gains that need

to be made in areas such as underwater technology, diving systems, sonar drilling rigs, surveying, technology supply and diving support vessels and rowing equipment.

The Energy Department's Glasgow-based offshore supply office is trying to encourage UK participation offshore, and in its annual report published this month showed that 73 per cent of the £2.26bn in orders reported by offshore operators and oil and gas development went to the UK. This figure, however, includes the UK-based foreign companies.

The offshore industry now employs directly and indirectly between 80,000 and 100,000 people

Report challenges gloomy forecast for Scottish steel plant

BY JOHN LLOYD, LABOUR EDITOR

A SERIOUS challenge to the British Steel Corporation's (BSC) projections of steel demand over the next few years has been mounted by Strathclyde Regional Council, aimed at making a case for the preservation of Ravenscraig as one of Britain's five integrated steel-works.

The council's report is based on a study carried out by Cambridge Econometrics, the commercial wing of Cambridge University's Department of Applied Economics. The group is unique among forecasting and consultancy groups in providing a disaggregated analysis of the UK economy, down to individual industries.

The report, launched yesterday by a group of Labour spokesmen and regional councillors, is understood to be the first of its kind to challenge nationalised industries' projections.

The main finding of the report is that the projections of steel demand given by BSC to the House of Commons Industry and Trade Committee in January are too low, even as-

suming a continuation of present policies. These policies - which the Cambridge group takes as its "base case" - would produce a modest rise in output, to a level 7.5 per cent below that achieved in 1979, but would produce no fall in unemployment.

The base case figures for steel output for the three years from 1983-84 to 1985-86 are 12.7m tonnes, 12.9m tonnes and 13m tonnes respectively, compared with the BSC forecasts for those years of 11.9m tonnes, 12.5m tonnes and 11.7m tonnes. Thus in 1985-86, the two forecasts diverge by 1.3m tonnes.

On projections assuming a rise in demand based on lower exchange rates, the Cambridge group forecasts output in these years as (in Case A) 13m tonnes, 13.7m tonnes and 13.9m tonnes; and (in Case B) 13m tonnes, 13.5m tonnes and 13.5m tonnes.

Mr Bruce Millan, the shadow Scottish Secretary, said: "The moral of all this is that it is absolutely folly for the Government to base policy on figures which this study shows to be unrealistic and wholly pessimistic."

Australia connection poses cars question

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CARS BUILT by the 'Australian subsidiary of Mitsubishi of Japan' go on sale in Britain today with at least one important question unanswered: Who put up the money?

Some £200,000 has been provided to start the business. According to Mr Michael Orr, who heads the import company, it has been put up by people in the motor trade who have offshore funds but wish to remain anonymous. However, Mr Orr did volunteer that:

● Cash for the operation was being channelled through a company called Sigal, registered in the Isle of Man;

● Mitsubishi had no financial investment in Sigal;

● But the Australian suppliers had urged him to put in some cash and this had been done through his personal pension fund, MP Executive Pension Fund, which had taken a 5 per cent, or £10,000, stake in Sigal.

Mr Orr is also chairman of Colt Car, which imports Mitsubishi cars

and commercial vehicles to Britain from Japan. The directors of Colt are among the highest paid in the business.

The Australian cars are on sale in Britain not as Mitsubishi models, but bearing a Lonsdale badge - a name derived from the plant near Adelaide where they are produced.

Lonsdale Car Company, the distributor-importer, said last October that it expected to sign 140 dealers for the launch. However, about 70 dealers have been signed up. Mr Orr said yesterday that the objective was still to have 100 by the year-end.

The Lonsdale prices, which range from £5,999 for a 1.6 litre saloon to £9,200 for a 2.5 litre automatic estate, are roughly in line with comparable Ford prices.

Mr Orr insists that the Lonsdale cars have an 85 per cent Australian content and there can be no question of Japanese cars finding their way to Britain by the back door.



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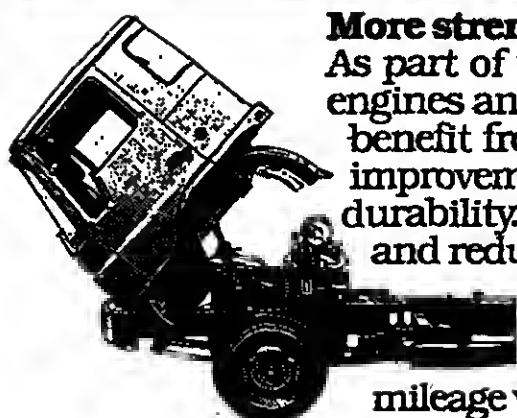
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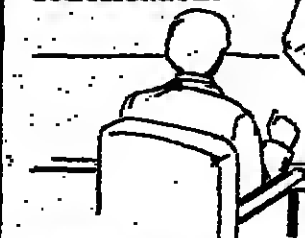
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UK NEWS

A cautionary tale for unlimited guarantors

Treasury 'too remote from UK industry'

By John Elliott, Industrial Editor

A STRONG criticism of the Treasury for not paying enough attention to improving industrial performance has been made by Sir Peter, Carey, who retired last Friday as permanent secretary of the Department of Industry.

He said that the Treasury took too short term a view of industry. "It has often concentrated too much on control of expenditure in the short term and too little on optimising economic performance."

Sir Peter said it was remote from the market place and tended to lose sight of the impact of some of its macro-policies. This was a mistake because it ought to be concerned with optimising the performance of industry.

In an interview covering his career, Sir Peter complained that there was too little understanding in Britain of the importance of industry. This was especially prevalent in the Treasury where there was a "very deep ethos" over many years, which meant that it had not done enough with macro-policies to try to arrest Britain's industrial decline.

Sir Peter's outspoken remarks reflect tensions within Whitehall between the Treasury and other departments, which he described as a "love-hate" relationship. The remarks follow similar criticisms from a close colleague of Sir Peter, Sir Frank Cooper, who retired at the end of last year as the Defence Department permanent secretary.

Sir Frank said in a BBC Radio interview last month that Treasury officials lived "in an isolated world, a different world from the rest of humanity - and until you change this you are never really going to get an effective Treasury."

Sir Peter's remarks are directed more at the Treasury civil servants over a long period than at politicians or current Treasury officials. He acknowledged that under Sir Douglas Wess, who recently retired as Treasury permanent secretary, the position had improved.

He thought Mr Peter Middleton, who has succeeded Sir Douglas, would "probably have quite a lot of sympathy but he might think I am overdoing it". Politicians would probably consider his view "heterodox".

Recently the Treasury had helped at the "micro level" by giving industry special financial support in areas such as high technology and small businesses.

"But the Treasury has been insufficiently sensitive to the effects of the continued low profitability of industry and about the results of that low profitability on investment, research and development."

Examples of the Treasury not recognising the bad effects of its macro-policies including the impact of changing hire purchase tax levels on the car industry in the 1980s, the impact of price and dividend controls in the 1980s and 1970s on competitiveness, and the effects of the current national insurance surcharge on cash flow and profitability.

Sir Peter has been succeeded at the industry Department by Sir Brian Hayes, formerly permanent secretary at the Ministry of Agriculture.

Lloyd's drops action against two brokers

By John Moore, City Correspondent

LLOYD's of London has dropped disciplinary proceedings against two of the market's approved insurance brokers who were involved in the controversial Sasse affair.

The move follows an out-of-court settlement between, on the one side, Mr Frederick Sasse, head of the former insurance syndicate that faced £21m of losses, and on the other, Lloyd's and the two broking companies, Brentnall Beard International and Brentnall Beard (London).

The losses were the most serious ever faced by one Lloyd's insurance syndicate.

Mr Sasse had been pursuing legal action against Lloyd's and the two broking companies, which form part of Brentnall Beard (Holdings), for three years until last weeks settlement.

Yesterday Lloyd's decided to discontinue the disciplinary action it began against the two Brentnall Beard broking companies nearly four years ago.

Lloyd's received an assurance yesterday that there was nobody in an executive position at Brentnall Beard International who had been involved in the litigation.

Lloyd's also decided to drop disciplinary proceedings against Mr Thomas Turnbull, a fellow director with Mr Sasse in the Sasse Turnbull underwriting agency. Lloyd's confirmed, however, that disciplinary proceedings against Mr Sasse were continuing.

FIRST NATIONAL FINANCE CORPORATION v GOODMAN
Court of Appeal (Lord Justice Stephenson, Lord Justice O'Connor and Sir Denis Buckley): April 24 1983

WHERE A guarantee, strictly construed, extends to loans made by any bank with which the original lender amalgamated, a guarantor who has ceased to have any connection with the borrower is nevertheless liable for advances made by a bank which, by amalgamation, acquired the interest of the original lender.

The Court of Appeal so held when dismissing an appeal by Mr Harry Goodman from Mr Justice Bingham's decision (F.T. May 19 1982) that he was liable under a written guarantee to pay £338,165 plus interest to First National Finance Corporation Ltd (FNFC).

LORD JUSTICE STEPHENSON said that Mr Goodman was described as an outstandingly successful entrepreneur in the package holiday business. He was a director and shareholder of Apartotel, incorporated on January 20 1970.

Apartmentel needed capital. A subsidiary of FNFC agreed to lend it. On June 2 1970, Mr Goodman and his co-directors signed a guarantee addressed to the subsidiary.

On January 1 1972 the sub-

sidary merged into or amalgamated with FNFC and ceased to trade. Thereafter all facility letters and advances were made to Apartotel by FNFC.

In the September, when Apartotel owed FNFC £149,415, Mr Goodman and his co-directors fell out and he ceased to be a director or shareholder of Apartotel.

He had never been concerned in the management of Apartotel. He probably did not see the subsidiary's facility letters, and he was not informed of the merger or amalgamation. When he ceased to have anything to do with Apartotel, he took no steps to terminate his liability under the guarantee.

On April 16 1975, when Apartotel's debt had grown to £543,984, the subsidiary executed a deed of transfer, assigning the benefit of the guarantee to FNFC. Thereafter advances mounted rapidly, unknown to Mr Goodman. In May 1977 FNFC demanded payment from Apartotel. On June 12 it was resolved that Apartotel be wound up.

A substantial part of the debt was repaid, but on September 12 1979 Mr Goodman was asked to receive FNFC's demand for £338,165 under his guarantee.

All advances made by the subsidiary had been repaid, and almost all or most of the advances made by FNFC from 1972 until the assignment in 1975 had been repaid. If, therefore, Mr Goodman's guarantee covered advances until January 1 1972 only, his liability was extinguished or nearly extinguished.

Mr Justice Bingham held that the guarantee was not so limited and gave judgment for FNFC for £338,165, with interest assessed at £129,368. Was he right in his interpretation of the guarantee and in his understanding of what advances it covered?

Clause 1 of the guarantee provided: "In consideration of [the subsidiary] thereafter calling the Bank which expression includes the Bank's assigns) at our request making or continuing advances..."

Clause 2 provided: "This guarantee shall extend to cover... any sum... which shall... constitute any balance due from the customer to the Bank on any account whatsoever."

Clause 18 provided: "In this guarantee where the context so admits... 'the Bank' includes its successors and assigns and any company with which it may amalgamate."

At first glance the issue of Mr Goodman's liability would seem to be decided by the express terms of the guarantee. FNFC was an assignee of the subsidiary, and a company with which it amalgamated. It therefore came fairly and squarely within the definition of "the Bank" which was the subsidiary's description in the guarantee.

But by statute law and at common law a change in the identity of either a creditor firm or a debtor firm revoked the guarantee unless there was agreement to the contrary, either

express or implied. There was no reason to doubt that the same principle should apply to individuals and bodies corporate.

The effect of a change in identity would depend on the terms of the guarantee, and the nature of the change.

Where companies amalgamated or one company was absorbed by or merged in another, the same principle would seem to apply. The effect of the particular takeover on the debts owed to the "taken-over" bank would depend primarily on the terms in which its advances had been guaranteed.

If the transfer of the benefit of a guarantee was effected by private agreement, the extension of the guarantor's obligation to repayment of future advances by the transferee could only be derived from the intention of the transferor and guarantor as expressed or implied in the guarantee.

In Halsbury's Laws of England Vol 3, 4th ed para 150, Vol 20, 4th ed para 277 it was stated that "in the case of amalgamation... guarantees given to either bank would probably be determined," and "a guarantee is generally invalidated as to future transactions by the amalgamation..."

His Lordship did not quarrel with those statements if they were read subject to the proviso "unless a contrary provision is contained in the guarantee."

There was just such a contrary provision in the guarantee, in clause 18, which was the second of two stipulated definitions of "the Bank." The first

occurred in clause 1. Both definitions applied only "where the context so admits."

The whole parenthesis "hereinafter called the Bank etc" in clause 1 indicated that the subsidiary might not be the sole party making advances to Apartotel. Clause 18 expanded the parenthetical definition of "the Bank" in clause 1, and was plainly intended to cover the position of FNFC and the advances it had made to Apartotel since 1972.

Mr Justice Bingham said that "the question is whether on a fair but strict reading the language of this guarantee clearly shows that it was to apply not only to advances existing and ascertained at the date of any merger or amalgamation but to future advances after that date also. I conclude... that the instrument had the wider effect."

He made the right approach, asked himself the right question, and gave it the right answer—though he thought it produced "a very harsh result" for Mr Goodman.

Mr Goodman had neglected to take the obvious step of terminating his liability when he severed his connection with Apartotel. He paid a very heavy penalty for his lack of interest in Apartotel and its borrowing after signing a guarantee in such wide terms. He must, however, take the consequences of not revoking it. The appeal should be dismissed.

LORD JUSTICE O'CONNOR, agreeing, said that at common

law there was no doubt that a change in the identity of the principal debtor discharged the surety, and it would seem that the same result followed a change in the identity of the creditor.

The rule was always subject to the express terms of the guarantee. The promise in the present case was to "pay and satisfy all monies and liabilities whether certain or contingent which are now or shall at any time be due from the customer to the bank." In that provision there was no ambiguity. It admitted the extended definition of "the Bank" in clause 18.

FNFC was the subsidiary's successor and/or "a company with which it had amalgamated" within clause 18, from the date of merger. Express assignment of the guarantee was unnecessary.

Mr Justice Bingham was right to hold that the provisions of the guarantee were clear.

The case was a cautionary tale that should be learned by all who were minded to guarantee an overdraft without limit.

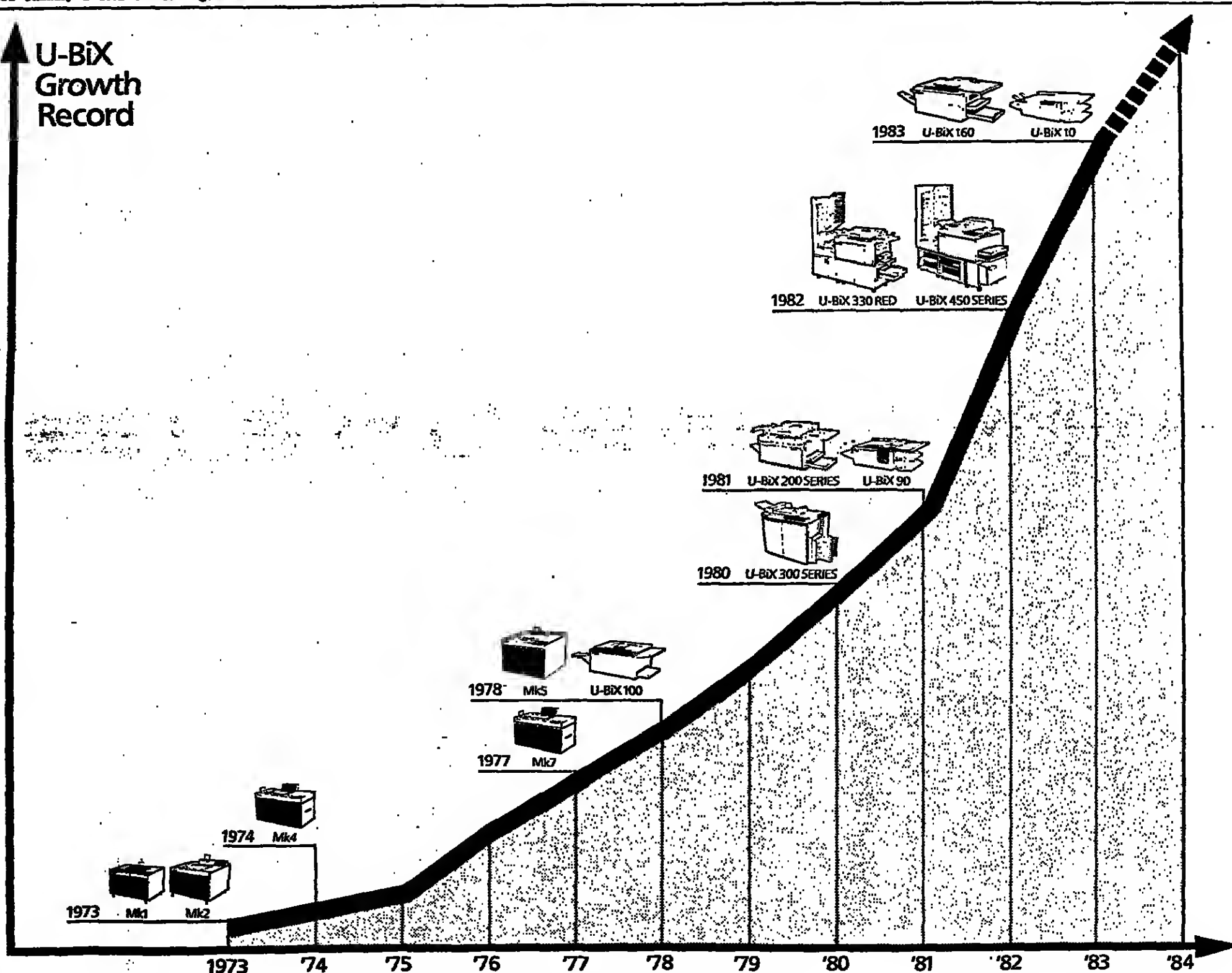
Sir Denis Buckley agreed. For Mr Goodman: Wilfred Getz, QC, and Richard Behar (Stranger, Saul and Justice).

For FNFC: Neville Thomas, QC, and Colin Smith (Tilman, Sanger & Webb).

Stranger, Saul and Justice wish to make it clear that they were not acting for Mr Goodman when he left Apartotel.

By Rachel Davies
Barrister

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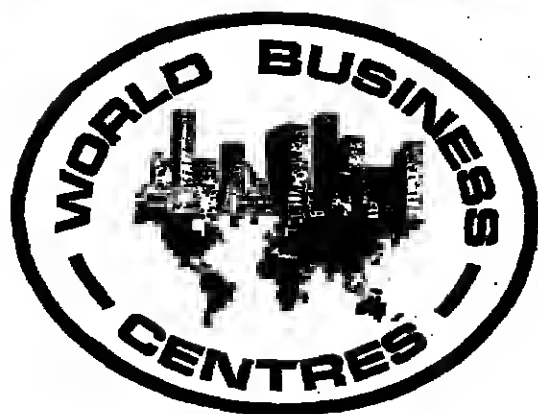
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FINANCIAL TIMES SURVEY

Friday May 6 1983



TORONTO

The bustling home of banks, multinationals and other corporations, Toronto is firmly established as the hub of the financial system. Faith in the future is demonstrated by the new Stock Exchange building, which should reinforce the city's competitive strength

Financial capital of Canada

By NICHOLAS HIRST

THREE DAYS before the 1970 provincial election in Quebec a security firm in Montreal loaded up four trucks with share certificates and other financial papers and drove them to Toronto. The move was intended as an election publicity stunt to exploit fears of a flight of capital out of Quebec if the separatist Parti Quebecois (PQ), fighting its first election, were voted to power.

In fact Montreal's relative decline as the financial capital of Canada and its replacement by Toronto had begun many years before. "By 1962 it was beginning to look like a very close run race," said Mr William Mulholland, chairman of the Bank of Montreal.

The eventual election of the PQ in 1976 and its introduction of strict French language legislation and high personal taxes only served to speed up a demographic process that was already underway. Today Toronto is firmly established as the country's pre-eminent financial centre.

Of the top 500 Canadian companies more have their headquarters in Toronto than in the next five cities combined. Three of the big five chartered banks have their executive head offices in the city and all five conduct large operations locally. Toronto is the home of the country's money and foreign

exchange markets. Of the 57 foreign banks set up under the 1980 Bank Act, 43 have established their headquarters in Toronto.

Its stock market, which first surpassed Montreal in volume of trading in the mid-1930s, deals with 80 per cent of all trading in Canada. Half of that originates in Ontario Province, of which Toronto is the capital.

Calgary challenge

In recent years there seemed to be a chance that the concentration of financial power in Toronto could be challenged by a vibrant Western Canadian economy. Tower blocks sprang up in Calgary, Alberta, to rival the centre of Toronto. As the banks, encouraged by the federal Government, lent heavily to the oil and gas industry and then, under the National Energy Programme, helped to buy out foreign interests, specialised energy divisions moved out to Alberta and Calgary began to believe it could build a financial centre to rival Toronto.

Calgary approached the federal Government to allow it to become an international banking centre with favourable tax treatment for offshore deals similar to that recently established in New York. But it is in competition with Montreal, which has asked for the same

privileges. The federal Government has as yet not acted on either request and it looks less and less likely to grant either. With the decline in oil prices and a recession in the West which has shocked Albertans, financial decision-making is once more being centralised. The banks are sending out head office teams to handle problem loans and have cut back on some regional authorities.

Toronto's proximity to New York, just 75 minutes flying time away, tends to reinforce its dominant position within Canada but it also means the city's institutions are faced with competition based on a much more powerful widely-based economy.

The realisation in the late seventies that the Canadian Government was going to allow banks to set up subsidiaries in Canada encouraged Canadian banks to sell themselves aggressively in the U.S.

Toronto's insurance community, encouraged by the provincial government, is looking at ways to set up an insurance market that would compete with New York and Lloyd's of London.

As a raiser of capital Toronto has served the country well. Of the industrialised nations, only Japan has, over the past decade, raised more capital as a proportion of gross national expenditure. Securities markets financed around 25 per cent of Canada's capital needs in the 1970s and the Investment Dealers Association expects this to increase to 35 per cent during the 1980s.

With a high national savings ratio, 25 per cent of Canadian capital investment has come from personal savings. Invest-

ment funds with trust companies have grown strongly as the Government has given tax allowances to individual retirement plans, boosting the funds available to be invested in the stock market.

Junior listings

But private investment on the Stock Exchange has remained strong, making up half of the new money flowing into equities. The exchange believes its lower listing requirements for junior companies will bring in new capital from the smaller investor. The belief is that the latter is keener than the institutions on the higher risk, higher reward smaller companies and that smaller companies are the best providers of new jobs and productive investment.

But in lowering its listing requirements, the TSE has also increased its competition with the much smaller Vancouver

Exchange. Vancouver has specialised in the smaller speculative type of stock, which Toronto gave up in the 1960s.

Having established a competitive edge over the rest of Canada, the TSE is anxious not to lose it. Under the leadership of Pearce Bunting, president of the TSE, who last year became the first Canadian to be president of the International Stock Exchange Federation, the TSE has offered a whole range of new investment vehicles. Option trading based on the Chicago model was started in 1976, a year after option trading was started in Montreal, and the exchange has recently moved into futures trading.

Expansion and the growth of new technology left the exchange's old building in Bay Street too small to be successfully renovated. On May 9 next it moves to a new trading floor at a cost of C\$35m. The move

takes the exchange away from the site it first occupied in 1914 and from the street which has given its name to the financial district of Toronto.

After a grim period last year when both prices and volume fell sharply, the exchange is having its best period since at least 1981, when the TSE merged with the Toronto Mining Shares Exchange. It is that merger which many credit as having been a deciding factor in building up the TSE at the expense of Montreal. The latter tended to look down its nose at mining stocks. Now companies such as Inco and Noranda provide the mainstay of European investment into the TSE.

As for the banks, the opulence of their towers became tarnished last year as they wrote off C\$2bn of bad debts and found themselves exposed to large single loans in the oil and gas sector. The most spectacular write-off was the C\$4bn lent by four of the big five banks to Dome Petroleum of Calgary.

The big five have been aggressive foreign lenders over the past decade and have found themselves exposed to Third World debts, particularly in Mexico, Brazil and Argentina. But with falling interest rates profits have been improving sharply and with the stock market rising, companies have been repaying their balance-sheets by raising new equity on the TSE.

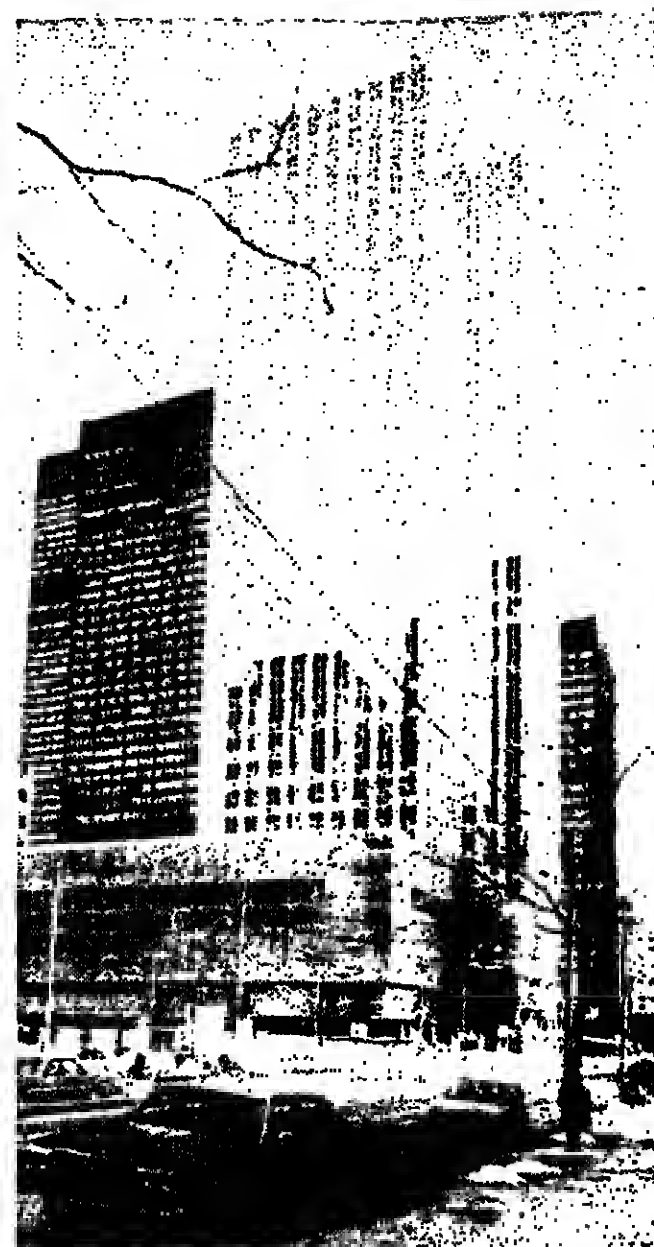
With the Canadian economy showing the first signs of improvement, the Toronto financial community is busy being competitive and trying to keep an edge on its far larger neighbour across the border.

INTERNATIONAL DEBT EXPOSURE

	Mexico	Brazil	Argentina*	Total
Bank of Montreal	1,200	1,200	260	2,660
Bank of Nova Scotia	800	600	250	1,650
CIBC	797	951	210	1,958
Royal Bank	1,100	1,100	200	2,400
Toronto-Dominion	775	640	140	1,555
Total	4,672	4,471	1,160	10,303

	Poland	Rumania*	Total
Bank of Montreal	50	5	55
Bank of Nova Scotia	50	5	55
CIBC	50	5	55
Royal Bank	90	30	120
Toronto-Dominion	60	20	80
Total	300	60	360

* Approximation.
Source: Wood Gundy



A prominent city landmark—the Toronto Stock Exchange Tower, adjacent to the new trading floor, which will house all the TSE staff

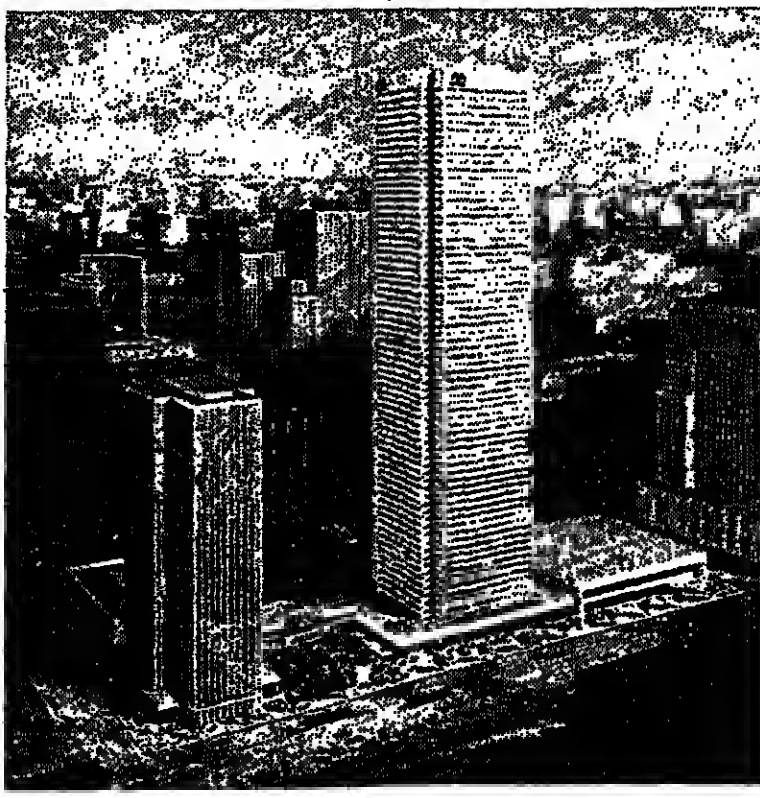
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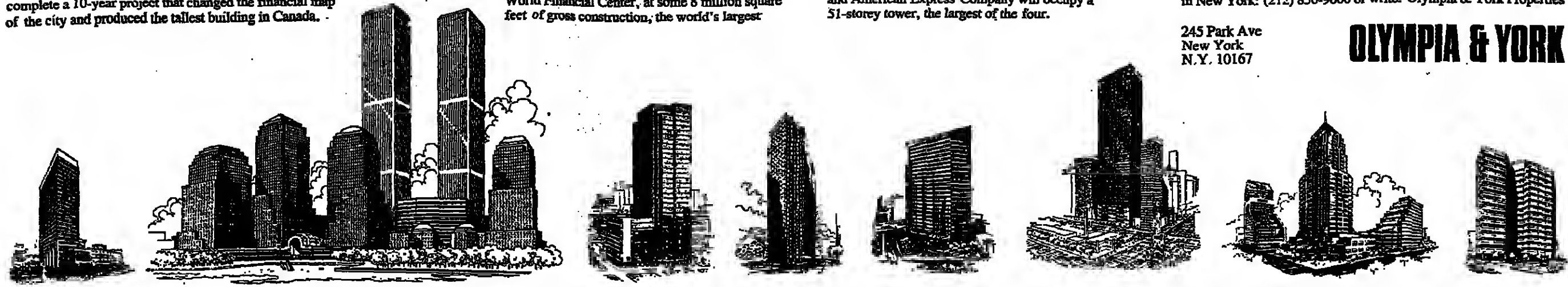
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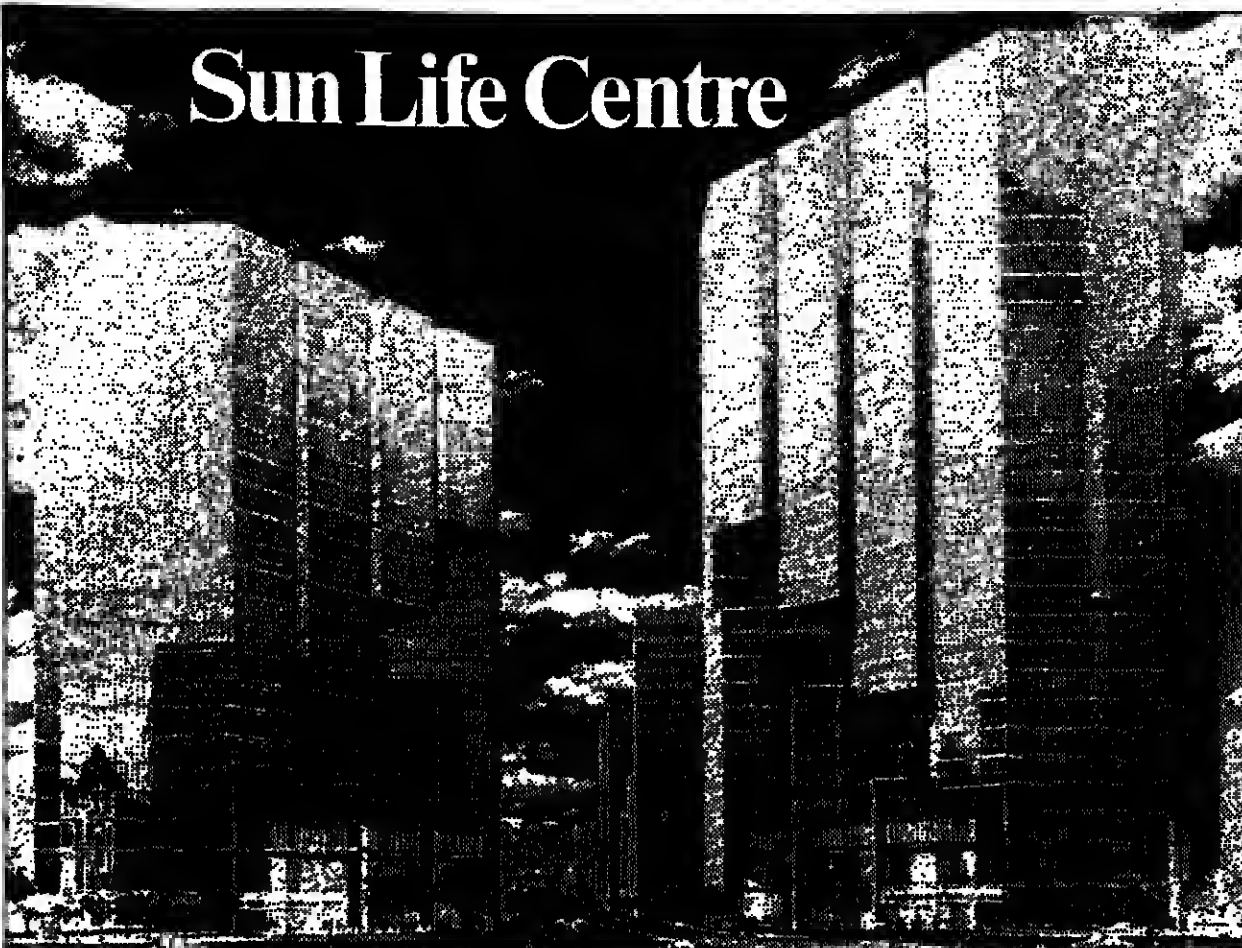
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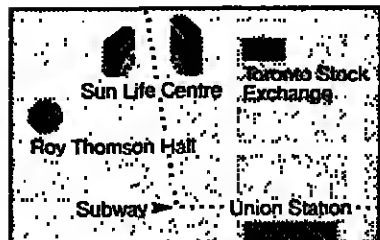
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TORONTO II

Office towers symbolise undisputed rule

Banking

NICHOLAS HIRST

ONLY TWO of Canada's big five chartered banks—Toronto Dominion and Canadian Imperial Bank of Commerce—have their registered headquarters in Toronto. But Toronto is the undisputed banking capital of Canada. The money and foreign exchange markets are there. It was in Toronto that the bankers met to discuss what to do about the Calgary-based Dome Petroleum's inability to repay its debts on schedule.

The Bank of Montreal retains its official headquarters in the city from which it takes its name, but it was in Toronto that a recent television profile of the bank pictured the chairman, grappling with the debt problems of Dome and Mexico.

The Bank of Nova Scotia, the only one of the Big Five which is far from a massive office block in the city centre, has had its executive offices in the city since 1900. The bank intends to correct the omission as soon as possible. Plans for Scotia Place, an office tower in the heart of the financial centre, are before the city council.

It is a nice coincidence that Toronto Dominion moved into the first of the Toronto bank office towers which have come to dominate the city's skyline in the same year that the opening of a revised Bank Act which assisted rapid expansion in recent years.

Controls eased

The 1967 Bank Act removed a 6 per cent interest ceiling on consumer lending, lifted restrictions on residential mortgage lending and eased reserve requirements on term deposits.

The easing of restrictions on term deposits, coupled with a growth of computerisation allowing rapid cash transfers and improved money management, led to a rapid increase in money market activity. In 1967 only a third of the Canadian chartered banks' deposits came from corporate clients; 15 years later they represented three-quarters.

The large presence of subsidiaries of American multinationals in Canada and growing trade with the U.S. led to the building up of large U.S. dollar deposits with Canadian banks.

On the back of the growth in the money markets and with increasing demand for large loans the banks' expansion both at home and abroad proceeded

rapidly. Between 1971 and 1981 total assets of the chartered banks grew by nearly 21 per cent a year, far faster than the Canadian economy as a whole.

In 1982 the expansion came to a sudden halt. From September 1981 the Canadian banks sharply cut back on new lending as interest rates soared and domestic and international lenders proved unable to meet their payments.

Loan losses of the Big Five in 1982 rose 166 per cent to C\$2.2bn and non-productive loans on which interest had not been paid for 90 days or more soared from C\$1.8bn in 1981 to C\$6.1bn.

Both at home and abroad the banks were caught by the sudden change in the world financial structure and the loss of liquidity crisis. The assumptions on which lending had been made proved to be wrong.

reflecting the close economic ties with the U.S. and a tenth are held in the U.S. itself.

Exposure to the troubled economies of Mexico, Brazil and Argentina and to other Latin American countries is nevertheless significant. Toronto stockbroker Wood Gundy estimates that total gross exposure to the Latin American and Caribbean at C\$22.5bn, slightly over 6 per cent of total assets. But taking into account compensating cash balances and guarantees and in the case of the Royal Bank and Nova Scotia, large retail deposits, the net exposure may be only half as much.

In fact the big growth in lending in the last few years has been to the U.S. The Toronto Dominion's lending across the border soared from C\$1.4bn in 1980 to C\$4.0bn.

THE BIG FIVE BANKS

(C\$bn—year-end October 31)

	Assets	Net Income
	1982	1981
Royal Bank	88,456	88,359
Bank of Montreal	62,907	62,374
Canadian Imperial Bank of Commerce	68,438	65,698
Bank of Nova Scotia	53,630	49,067
Toronto Dominion	45,638	42,249

"Who would have thought oil prices would go down?" asked Mr. Russell Harrison, chairman of the Canadian Imperial Bank of Commerce.

The Canadian banks' expansion had been across a broad base, but in common with other large banks throughout the world it left them exposed in areas which had once seemed sound. The banks used their naturally occurring U.S. dollar deposits initially to lend to their traditional foreign base in the Latin American and Caribbean countries. The Royal Bank and the Bank of Nova Scotia have had operations in that area since the last century, running retail branches and at one time financing the colonial trade in rum, sugar and timber. This soundly based as it might have been, particularly to the property sector.

Domestically, property lending has proved more of a headache than the well-publicised problems of the oil and gas sector. In the West commercial property speculation took off on the back of the oil boom but throughout the country the recession, has, left buildings without tenants and rising interest rates have made a nonsense of cash flow calculations.

But it was lending on large single loans to the oil and gas sector which threatened to damage the Canadian banks' strong international reputation.

last year and the Bank of Montreal's U.S. assets grew from C\$7.6bn to C\$11.3bn over the same period.

The push into the U.S. began around 1974 as American bankers drew in their horns after being badly singed with loans to real estate investment trusts. It gathered pace in the late seventies with the realisation that the Canadian Government was going to allow foreign banks to establish subsidiaries in Canada for the first time. If American banks were going to compete on the Canadian home ground for the business of U.S. subsidiaries, the Canadians decided they should compete for the business of their parents. Not all the U.S. lending, however, has been as soundly based as it might have been, particularly to the property sector.

Domestically, property lending has proved more of a headache than the well-publicised problems of the oil and gas sector. In the West commercial property speculation took off on the back of the oil boom but throughout the country the recession, has, left buildings without tenants and rising interest rates have made a nonsense of cash flow calculations.

But it was lending on large single loans to the oil and gas sector which threatened to damage the Canadian banks' strong international reputation.

The most spectacular was the C\$4bn of loans outstanding to Dome Petroleum from four of the Big Five—the CIBC, Bank of Montreal, the Royal and the Toronto Dominion.

In line with the federal government's National Energy Programme, which was designed to increase Canadian ownership of the domestic oil and gas industry, the Canadian banks poured out loans to assist Canadian companies to buy out foreign holdings. Dome financed its two-stage acquisition of the American-controlled Hudson's Bay Oil and Gas by debt and then, with falling oil prices and rising interest rates found itself unable to meet capital repayments. For a time concern about the Dome loans increased the cost of deposits to the Canadian banks on Euro-currency markets.

Last September a rescue package was agreed in principle for Dome between the four banks and the Canadian Government. The banks have insisted the rescue was in no sense a bail out for the banks and that their loans were well secured. Negotiations over the details of the rescue package have continued to drag on but concerns have lessened as Dome has met interest payments and reduced its debt by asset sales. But neither the banks nor the regulatory authorities want much large exposure to single loans to occur again.

Prudence prevails

A general air of prudence now prevails. Special teams have been created by all the banks to look after problem loans. Costs are being pared back, bureaucracies clipped and branch networks rationalised. But competition remains. The foreign banks established under the 1980 Bank Act have rushed to build up their assets at the expense of profits. Average assets for the 37 licensed foreign banks, 43 of which have their headquarters in Toronto, in the quarter ending December 31 were C\$18bn. Their growth is restricted to eight per cent of total Canadian bank assets. Some of the larger foreign banks, such as Barclays and Citibank, are now pushing at their individual limits and pressing the federal government for them to be raised.

For the Big Five, falling interest rates and reduced costs served to push profits up sharply in the first quarter of their fiscal year (year-end is October 31). Loan losses have continued to rise but corporate clients have been repairing their balance sheets as inflation has fallen and both banks and analysts expect non-productive loans to decrease as the year progresses. But for some time to come the watchword will be caution.

Busy range of financial services

Trust and loan companies

NICHOLAS HIRST

CANADA'S trust and loan companies have come virtually unscathed through a potential crisis, which threatened their traditional solid and conservative image.

In January the Ontario provincial government seized control of C\$2bn of assets in three companies—GreyMac Trust, Seaway Trust and Crown Trust, the 12th largest trust company in the country—to protect depositors' interests. The federal government at the same time took control of two related mortgage companies.

The government's concerns were that the companies had advanced mortgages without adequate security on a series of transactions involving 11,000 apartments formerly owned by international property developer Cadillac Fairview.

Worries that the events which led to the government action could damage public confidence in the whole industry proved unfounded. The government's prompt action and a decision to raise the limit on deposit insurance from C\$20,000 to C\$60,000 kept confidence high.

"I don't think it has hurt the industry at all," said Mr. William Potter, president of the Trust Companies' Association of Canada. "There hasn't been a run on deposits. Even the small and medium-sized firms haven't seen an effect."

Isolated event

The public has regarded the affair as an isolated event. Money has continued to flood into the companies. As interest rates have fallen profits have risen and the industry's shares have strongly outperformed the market.

Canada Trust, one of the largest companies, reported more than doubled profits in the first quarter at C\$13.3bn and the trust funds it managed increased by C\$236m for a total of C\$2.3bn.

The problems of Seaway,

GreyMac and Crown, however, have focused attention on proposed federal and provincial legislation designed to alter the rules under which the trust and loan companies operate and increase their ability to compete with the chartered banks.

Trust companies can be either federally or provincially chartered but it is the new federal legislation, which would allow the companies to call themselves banks, which will set the pattern.

A draft Bill and discussion paper was published last summer and was intended to be put before Parliament before the end of the year. Lack of legislative time has put the date back at least until this autumn. In the wake of the GreyMac, Seaway and Crown affair the industry has become concerned that the legislation could prove more restrictive than they had hoped.

The trust companies were established in the last century to perform executor and trustee business and manage the estates of the wealthy. They grew into deposit taking institutions and with their associated mortgage and loan companies have taken on many banking functions. At the end of last year their assets totalled C\$76.2bn compared with C\$370bn for the chartered banks, and as trustees managed a further C\$88bn.

The top seven control more than 80 per cent of the lucrative trust business and more than 70 per cent of the deposits. Of the big seven Canada Permanent, National Trust, Victoria and Grey and Guaranty Trust all have their head offices in Toronto and another two, Royal Trust and Canada Trust, have large operations in the city.

They are essential to the smooth operation of the financial system. In Canada the chartered banks are not allowed to take on trust business. The trust companies act as registrars and stock transfer agents, manage pension funds, individual retirement savings accounts and other guaranteed interest savings accounts and chequing facilities.

Last year the industry accounted for 48.4 per cent of loans made for house purchase. Total mortgage lending—\$5.3

per cent of which was in residential loans—rose ten per cent to C\$5.5bn, but that was still below the 1980 level of C\$6.1bn.

Over the past decade the traditional residential mortgage business has moved into a relative decline and with strict controls on immigration and a gradually ageing population, the industry believes the former strong growth in the housing market is over. At the same time the chartered banks, with their associated mortgage subsidiaries, have been competing aggressively for residential business. Last year the banks' mortgage subsidiaries' assets increased by 56.5 per cent to C\$20.5bn, a much faster growth than for the industry as a whole. The trust and loan companies have seen themselves competing for business in a declining market.

Heavily restricted

Their reaction has been to diversify into commercial and personal lending, but they have been heavily restricted by present legislation.

The industry has pressed hard for the law to be changed and with reservations welcomed the draft Bill and discussion paper. At the moment only seven per cent of trust company assets can be lent on commercial and personal loans unsecured by property. The big companies have gradually increased their mortgage lending on commercial property. Canada Trust, for example, had 16 per cent of its mortgages on commercial property last year compared with only 11 per cent in 1978.

But the trust companies want to be able to increase their term lending to industry, not secured by mortgages, to compete more directly with the banks. The draft Act would increase the seven per cent limit to 15 per cent. The industry, however, considers that overly restrictive and will argue at committee hearings for much greater flexibility.

On that score the GreyMac affair may not have damaged their argument but another potential and much more worrying concern to many in the industry is a suggestion in the discussion paper that no shareholder should own more than ten per cent of a trust company. This would bring the industry

in line with the same restriction placed on the banks.

But with one exception, Canada Trust, all the other large companies have controlling shareholdings.

Canada Trust is arguing forcibly that the ten per cent rule should be brought in. Mr. M. L. Lahn told his company's annual meeting that if the five companies seized by the federal and provincial governments had not been controlled by large single shareholders, their problems might never have happened.

The rest of the industry, however, is arguing equally forcibly that the ten per cent rule would not improve prudential management but could change the structure of the industry drastically and cause unnecessary and possibly damaging upheaval.

No decision has yet been made. Mr. Robert Hammond, the Federal Superintendent of Insurance, who shares the responsibility of regulating the industry with provincial authorities, said: "The ten per cent rule is an issue that has not been decided but it has come to the forefront of our considerations."

For all the concern created by the GreyMac affair the industry has avoided the problems of the savings and loan institutions in the U.S. From 1967 onwards the terms of residential mortgages have been lowered from 20 years or more to five years or fewer, and recently the industry has been offering floating rate mortgages similar to those available from building societies in Britain.

Their trust business has proved resoundingly successful. The assets in pension plans administered by the companies has grown dramatically from C\$6.5bn in 1972 to C\$88.2bn in 1981, while tax benefits to individuals investing in retirement savings plans has resulted in explosive growth, with administered funds leaping from just over C\$1bn in 1977 to C\$18.3bn in 1981, with a further substantial increase expected for last year.

But before new legislation is passed the industry's diversification and its potential for growth is severely limited. If restrictions on commercial lending are lifted substantially, their ability to compete will be very much enhanced.

These securities having been sold publicly, this announcement appears as a matter of record only.

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TORONTO III

New home all wired to modern needs

Stock Exchange

NICHOLAS HIRST

ON MAY 9 the Toronto Stock Exchange (TSE) is giving up the attractive art deco building which has been its home since 1937 for a modern high technology trading floor which looks like a set from Star Trek.

For Toronto's stockbrokers the move naturally involves a certain sadness. "It is going to require some adjustment by our floor traders," said Mr J. M. Leach, president of the medium-sized firm Housner and Co. But the change matches the expansive mood of a market that has just had its best nine months in at least 50 years.

The old building had become too small. The stock exchange staff were spread around three buildings and it was impossible to renovate the trading floor in a way that would provide the latest gadgetry that a modern exchange needs.

Communications

At a cost of Can\$25m the new exchange has communications technology to rival anything in the Star Ship Enterprise. Trading in equities, options and futures are all on one 30,000 sq ft floor, three times the size of the old trading area, and the stock exchange staff all have new offices in the adjacent Stock Exchange Tower.

Most important, the new floor assures the Toronto market that it will continue to be competitive. "Without the new technology there is danger that we could lose business into the New York markets particularly the American Exchange," said John Thornton, vice president at TSE for management and member services.

Toronto is the seventh largest exchange in the world. It surpassed Montreal as the premier exchange in Canada in the 1930s but it is still dwarfed by the New York markets and is in constant danger of losing at least some of its trading.

Canadians will always want to trade in American stocks. The TSE, like the Canadian economy, is biased towards resource-based industries and Canadians naturally spread their risk by investing across the border in the more broadly based U.S. economy.

The worry is not that Canadians will increase their trade in American stocks. In fact Toronto stockbrokers report that has been happening steadily over the past few years. The worry is that trading in big Canadian companies could shift away from Toronto and that instead of buying on the TSE Canadians, as well as investors from outside North America, would increasingly buy on the

New York and American Exchanges.

Many of the larger Canadian companies such as Inco, Bell Canada and Moore Corporation quoted on the TSE are also listed on the New York and American Exchanges. These stocks are the base of the Toronto market. In 1982 trading on interlisted stocks made up 35 per cent of the total trades on the TSE. As it is, more trading on interlisted stocks takes place in the U.S. than takes place in Toronto. Once the American markets become interested in a Canadian stock, the sheer weight of money in the U.S. pushes Canadians into second place.

Nevertheless Toronto has been holding its own. Most Canadians buying interlisted stocks deal on the TSE. Canadian brokers execute between 70 and 80 per cent of their interlisted business in Toronto and there is no sign of that proportion edging downwards.

In fact Toronto shows every indication of being a vibrant market. The TSE 300 index is up 60 per cent from the depressed levels of last summer and 10 per cent since the beginning of the year.

Recently stocks have had a roller coaster ride as investors, tiring of the blue chip industrial, utilities and banks which led the initial advance, switched to resource companies on fears of renewed inflation and then back to the blue chips.

Equity issues

A strong equity market has encouraged companies to raise money to reduce debt. Stelco, Canada's leading steel-maker, recently raised Can\$152.2m despite losses, while last year British Columbia Forest Products raised Can\$106m. In the first three months of this year some Can\$1.6bn of new equity had been raised on the market compared with Can\$3.6bn during the whole of 1982.

The move is the new trading floor is just the latest in a whole series of developments by the TSE to keep the market competitive. Traded options, to compete with Chicago and the Amex were started in 1976, a year after Montreal opened.

Options trading was a "non-event." Several discount brokers have set up but as yet have had little impact. The stock exchange management believes that the change could bring some foreign investors to Toronto who, attracted by the prospect of negotiated commissions in New York, might have switched their orders there for the larger Canadian companies.

On April 4 this year the TSE made its long-awaited switch—delayed as brokers lost money during the dark days of early 1982 to negotiated commissions. So far stockbrokers have declared the change a "non-event." Several discount brokers have set up but as yet have had little impact.

STOCK EXCHANGE TURNOVER

	Value—Cdn		Per cent		Per cent change
	1982	1981	share	share	
Toronto	17,670.3	25,094.2	79.9	76.7	- 29.6
Montreal	2,773.4	3,338.2	12.5	10.2	- 16.7
Vancouver	1,553.4	3,859.2	7.0	11.8	- 59.6
Alberta	120.4	426.8	0.6	1.3	- 71.8
Winnipeg	2.7	0.9	+	+	+ 179.4
Total	\$22,125.4	\$32,709.4			- 32.4

	Volume—m shares		Per cent		Per cent change
	1982	1981	share	share	
Toronto	1,576.7	1,510.2	47.0	43.5	+ 4.4
Montreal	268.1	304.5	8.2	5.9	+ 1.3
Vancouver	1,442.7	1,574.3	43.9	45.4	- 3.4
Alberta	126.1	178.6	2.7	5.2	- 23.4
Winnipeg	2.0	0.9	0.1	+	+ 120.6
Total	3,355.7	3,468.8		100.0	- 3.3

† Less than 0.1 per cent.

But the impact is not expected to be very significant. Generally Canadian small investors are expected to end up paying slightly more than under the fixed rate commissions and institutions slightly less, but it is really too early to say what will happen.

Option trading has proved an undoubted success. Options are now offered on 40 stocks and more options are written on the top five stocks than there are trades in the underlying securities. A new silver option started in February.

Financial futures trading, on the other hand, has been slower than hoped. A contract on a mid-term Canadian Treasury bond failed to gain any interest at all and is no longer trading. Trading on futures on a 91-day Treasury bill contract has had more success and a new ten-stock equity contract has recently been introduced.

The exchange hopes that volume will increase when a Toronto Futures Exchange is set up, probably later this year. A Bill is before the Ontario legislature to set up the new exchange which will allow trading by non-TSE members, increasing the liquidity of the market.

The new exchange is expected to improve liquidity for the whole market by raising efficiency and enabling quicker trading. A trading device, carried in brokers' breast pockets, will enable them to be called instantly wherever they are. Instead of beeping, the pager vibrates. It was decided that if the pager beeped, in an active market no one would know whose beeper was beeping.

A new automated book will speed up buying and selling of simple transactions, adding to the CATS computer assisted trading system already available on the old floor. The CATS system deals with less active stocks, which nevertheless account for 62 per cent of the 1,200 listings on the exchange. The ever-increasing use of computers is adding to the exchange's ability to monitor market transactions and watch for possible stock manipulation. The CATS system automatically halts trading if stock prices

move faster than certain built-in checks. Other stocks are monitored on an hourly basis. Any sudden price movement will bring an inquiry from the market surveillance department to ensure a fair and transparent market.

Ideal mix

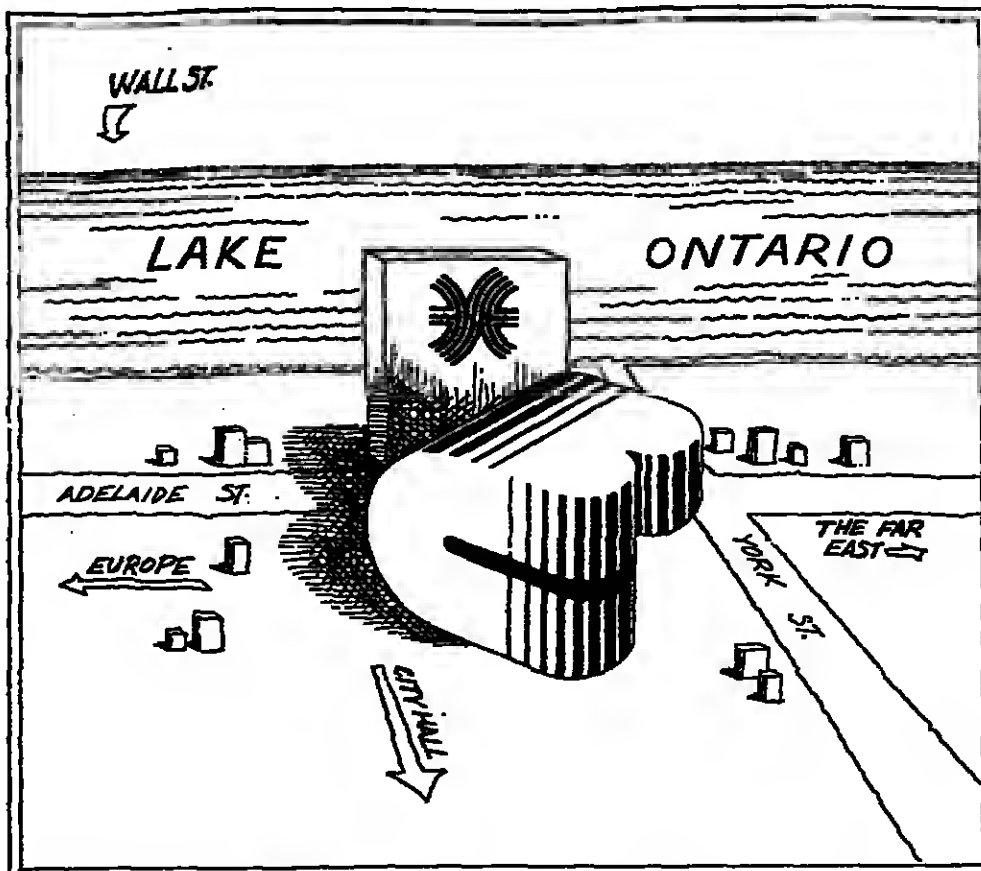
The TSE believes the Canadian combination of self-regulation and provincial government control is an ideal mix—the TSE shares regulation of the securities industry with the Investment Dealers' Association and the Ontario Securities Commission (OSC). On the whole the system works well but occasionally there are differences of opinion. The sharpest recent disagreement was over the TSE's plan to allow junior companies to come to the market and raise capital without issuing a full prospectus.

TSE studies had identified a gap in the market for venture capital for industrial, and particularly for high technology, companies. It saw the chance both of covering the gap and broadening the spread of its own market. To encourage the raising of new capital the TSE wanted to cut down the costs of lodging a full prospectus with the OSC and suggested it should be allowed to vet applications without OSC approval. The OSC, however, insisted on a dual vetting procedure increasing the costs above the level the TSE would have preferred. Even so several applications have been received since the scheme was put into effect last month.

The listing of junior companies may increase competition with Vancouver, which has become a centre for more speculative stocks since Ontario tightened the rules of admission to the TSE after a number of scandals in the mid-1980s.

The Vancouver market, however, is more concerned with mining promotions than with new industrial companies. Nevertheless Toronto's decision to allow junior listings is evidence that where it can compete it will. Having established its pre-eminent position, it intends to keep it.

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In Canada about 60 per cent of life insurance is from employer-run group insurance plans, the rest is bought by individuals.

Until the early 1970s Canadians were top in owning life insurance and that has meant that Canadian life insurance companies are large and important institutions in the financial world, taking in Can\$8.94bn of premium income in 1981. Of the top five life insurance firms in Canada three are based in Toronto.

Recent addition

Sun Life is the largest of the Canadian life insurance groups, with 9.48 per cent of the Canadian market and annual premium income of Can\$700m. Sun Life is a recent addition to the Toronto financial scene, moving from Montreal because the company said it could not work with the restrictive language laws in Quebec. Many companies have moved for the same reason, few were as honest as Sun Life in giving the real reason for relocating.

The rest of the top five, with the market share, are Mutual Life—8.89 per cent; Manufacturers Life—7.48 per cent; Great West Life—6.5 per cent; and Canada Life with 6.2 per cent. Great West is based in Winnipeg, Mutual in Waterloo, Ontario, but both have substantial operations in Toronto.

The general and property insurance business in Canada is just slightly smaller than the

life group, writing Can\$7bn of premiums in 1982. Overall the property and casualty insurance business in Canada had a underwriting loss of more than Can\$325m last year but this was an improvement from the record underwriting losses of 1981 when the same group lost Can\$889m. At least two companies went under—Fitz of Ottawa and Strathcona of Toronto. Insurance brokers say the two companies were poorly managed and accepted poor risks. One broker said "Sun Life became a place for the brokers to put all their crummy business."

Toronto's general insurance community would like a Lloyd's of its own but it could be quite a while until an exchange actually opens, although an informal arrangement could be working within two years.

One major reason for an insurance exchange would be to stop the flow of insurance premiums out of Canada to London and New York. Ontario's Minister of Consumer Relations, Dr Robert Elgie, is behind the plan and he estimates that of Can\$ 7bn about Can\$ 1bn in premiums leaves Canada. The reason is that it is difficult to insure large or unusual risks in Canada. For instance, two days after the New York Insurance opened in 1980 its members insured an Alberta pipeline and a purchased Canadian bull. Canadian lawyers have had to go outside Canada to get group insurance for professional liability. Local insurance people were outraged and said they could have done the business but others said the price was too high.

"There are really very few risks that can't be insured in this country," says Mr Paul Phillips of Osborn and Lange, a Toronto insurance broker, "but a sizable percentage of premium dollars go out of the country because the market is better overseas." By better he means cheaper.

It is felt that an insurance exchange would bring cheaper premiums. It would also mean

that insurers and reinsurers would not have to take any foreign currency risks when they place Canadian business in Toronto rather than in London or New York.

An insurance exchange would be expected to handle what one broker referred to as "mega-risks," which he defined as any having premiums of more than Can\$100,000 a year. The province would see it as a financial status symbol for the city of Toronto, a natural extension of its role as Canada's financial centre.

Agreement

Dr Elgie has appointed a committee of experts studying the plan. So far there appears to be agreement on where the exchange would be located in the same building as the new stock exchange so it could share the new computer facilities there.

The chairman of the Ontario Insurance Advisory Committee is Mr Robert Hilborn, a Toronto insurance broker with the firm of Johnson and Higgins Willis Feber. His committee has been meeting since last year and only now are starting to issue reports on their findings. They still seem to feel the exchange will work but it will not be in place as quickly as the politicians might have liked. "It is two years down the road before any type of exchange is opened," said Mr Hilborn, "and five years before there is a substantial operation."

He and others feel that a Toronto exchange could take some business away from New York. For one thing there would be fewer restrictions in Ontario than in highly regulated New York State.

Another advantage to an insurance exchange is said to be that it would control the problems that have been created by unlicensed re-insurers which caused the recent failure of two insurance companies in Canada. An exchange such as New York has a guarantee fund to protect against such insolvencies.

Mr Hilborn said the problems facing the committee ranged from tax problems, a Canadian name at Lloyd's would get a better tax treatment than a prospective investor in a Toronto Exchange syndicate, to the federal government's Foreign Investment Review Agency—FIRA—which might try to inhibit investment in syndicates by foreign investors, be they corporate or private.

Mr Hilborn sees advantages to foreign investment. "A foreign insurer could enter the Canadian market. FIRA and other obstacles permitting through the medium of a syndicate on the Exchange as a prudent first step in entering a market where established outlets are not in place.

Physically the exchange would resemble the New York stock exchange more than Lloyd's. The committee favours a sterile, high-tech operation with no opening or closing bells and no ringing telephones. Syndicates would be limited liability as they are in New York.

Although the first part of the overall report says there would be money available to write business on a Toronto Insurance Exchange, there might be a problem finding individual investors. No Canadian individuals are members of Syndicates in New York. There are some at Lloyd's. Two are Mrs Marie Wilson, a well-known businesswoman, and John de Fender, a broker who has a personal investment at Lloyd's. The bulk of the capital for a Toronto Insurance Exchange would come from Canadian insurance firms and foreign companies if the federal government relaxes its rules.

Insurance companies in Canada can be federally or provincially chartered, thus the interest by the province of Ontario. But with the potential tax and foreign investment problems being handled by the federal government, Ottawa may have to get involved in any establishment of a Toronto Insurance exchange.



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March 1983

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TORONTO IV

Financial muscle and aggressive selling

Stockbrokers

NICHOLAS HIRST AND
FREDERICK LANGAN

TORONTO'S stockbroking community is a mixture of old-established financial power and modern, aggressive management.

Today's brokers are just as likely to be found working out in the Squash and Racquet Ball Club in the Sheraton Centre or flexing their muscles in the Cambridge Club instead of lunching with their clients in the more traditional settings of the Toronto or National Clubs.

Competition is fierce and constantly changing. Since the Stock Exchange brought in traded options and financial futures, new firms have been set up and existing firms have established sections to deal with the new business.

Of the six big firms—Wood Gundy, Dominion Securities Ames, McLeod Young Weir, Burns Fry, Pitfield Mackay Ross and Richardson Greenshields—three, Dominion Securities Ames, Burns Fry and Richardson Greenshields are the product of recent mergers. The Big Six are being pushed heavily for business by the small trading-

orientated "institutional boutiques" such as Loewen Ondaatje McCutcheon and by new firms like First Marathon Securities.

First Marathon was set up in 1979 by Lawrence Bloomberg, a business graduate of McGill University who trained with the Montreal firm of Nesbitt Thomson before moving to Pitfield Mackay Ross. Bloomberg has a very high reputation and has formed the breeding ground in recent years for several new firms.

Depressed price

First Marathon bought a Stock Exchange seat for the depressed price of C\$26,000, C\$8,000 less than the going rate for a metropolitan tax licence, and rapidly picked up institutional business. It moved into trading of large blocks of shares and private placements and in 1982 accounted for two per cent of all these trades.

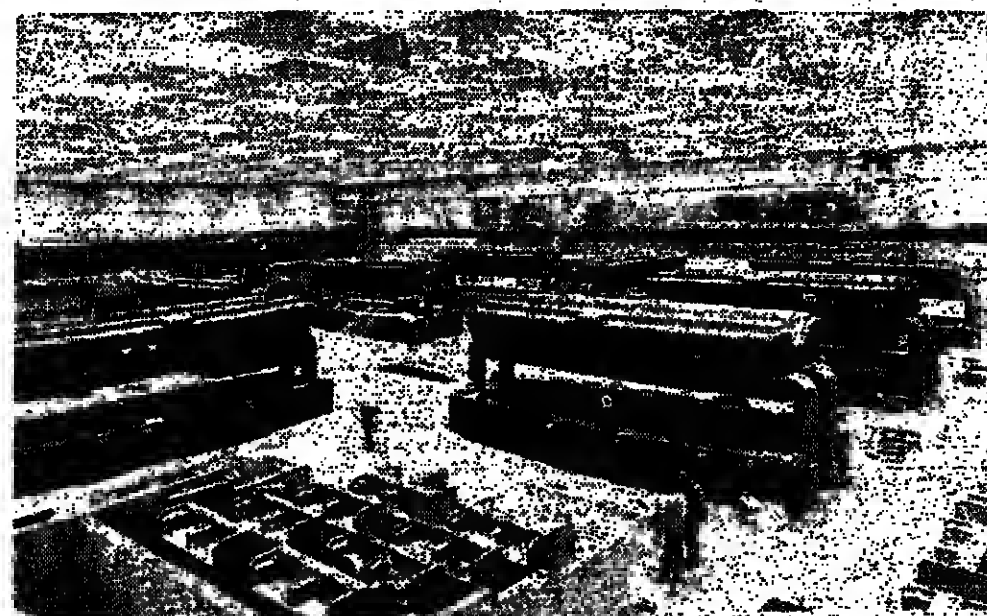
Competition for business is likely to become even keener as a result of the introduction on April 4 of negotiated commissions. So far brokers are saying that the move has had little impact on their business, but it is too early to say. Several discount houses have been set up and some brokers have completely changed their rate structure in an attempt to attract new clients.

Housser and Co., a medium-sized firm, advertised its minimum commission rates under the new system and has seen a steady flow of new business. Generally commissions for small clients have been increased and those for institutions reduced but the picture varies from broker to broker. It will be some time before clients learn the best mix of lower dealing costs and maintained service and research.

Like the big American firms, the Canadian houses provide corporate finance and underwriting services which in London tend to be more the province of the merchant banks.

For the past decade Wood Gundy has led the field both in underwriting and brokerage but it is gradually losing ground to the fast-growing Dominion Securities Ames and Burns Fry. Increasingly Wood Gundy is being seen as solid, old and established but not exciting.

Dominion Securities Ames' claims to be old and established are as strong as those of Wood Gundy—it has connections with some of the oldest names in Canadian business. In recent years, however, it has grown through merger and acquisition—the latest being the merger between Toronto-based Dominion Securities and the Montreal-based Ames. It has been very aggressive in



both underwriting and brokerage, has a first class administrative and sales team and produces impressive research.

Burns Fry is run by Jack Lawrence, a shy, self-made man who is reputed to be one of the best dealers in the business. After the specialist Gordon Securities it is probably the largest institutional dealer and is expert in Government bonds and money market trading. It has moved strongly into new investment vehicles and claims half the trade in the financial futures market set up three years ago. Knowledge gained on the Canadian futures markets took it on to the Chicago exchange where it now conducts two-thirds of its futures business. With its associate J. R. Timmins, acquired in 1972, Burns Fry has more seats on American exchanges than any other Canadian house.

Toronto has two large American-owned brokerage houses, Merrill Lynch Royal Securities and Bache Halsey Stuart. Bache ran foul of Toronto Stock Exchange rules prohibiting the control of brokers by financial institutions when its partner was acquired by Prudential Assurance but it continues to trade normally while its case is considered by the Ontario Supreme Court.

Merrill is important because of its strong international connections, although Burns Fry probably does more arbitrage business between the Canadian and New York markets.

Canadian brokers have meanwhile become increasingly aggressive in competing for international business.

The requirement of Canadian provincial and federal government to fund their growing deficits has

increased the Canadian brokers' importance in both London and New York, while the London market also provided an active source of speculative capital during the boom in the Western Canadian Oil market.

In the late seventies Wood Gundy sent two of its senior directors to bolster its London operation. It is now the only Canadian firm regularly to be lead manager of Eurocurrency issues. Between August 1981 and September 30 1982 Wood Gundy participated in a total of 72 issues, and was lead underwriter in 11. Dominion Securities was involved in 34 and McLeod Young Weir in 19.

The same three firms also compete for Canadian federal and provincial government financing on New York markets. Canadian brokerage houses have also become involved in the secondary bond markets, competing directly with American firms.

The next phase of expansion is expected to be in Asia. Of the Canadian brokers, Richardson Greenshields, which divides its operations between Toronto and Winnipeg, has the largest office in Hong Kong and has just opened in Tokyo.

The most important factor in the brokers' future is likely to be the success of the new exchange to be opened on May 9. If it serves to increase trade and liquidity as is hoped, Canadian brokers' business will continue to expand with increased operating efficiency.

Banks of electronic equipment dominate the new floor of the TSE, with traders' booths in the foreground and the viewing gallery to the rear.



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Old and new architecture surrounds Toronto's City Square.

Visitors to Toronto, Nicholas Hirst explains, will find a typical

North American city with a lingering flavour of the past

New York in calmer guise

ABOUT THIS time of year none of the smoky vitality of Toronto suddenly changes. The slushy gloom of the winter ends. Retired couples return from the warmth of Florida. Pedestrians start to walk the streets again. Calashes disappear from the hallways and wardrobes of city offices. Cars shed their snow tyres and the crocuses and daffodils that have managed to survive the sudden climatic changes of March and early April start to bloom.

There are colder places in Canada in winter than Toronto but when the wind whips off Lake Ontario round the towering office blocks of the financial district it is easy for misery to set in.

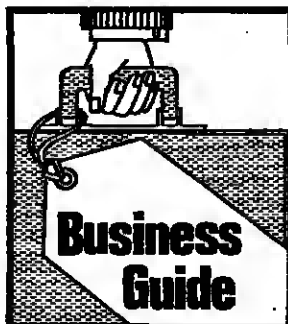
But for the skilled Toronto city dweller the winter holds few terrors. An intricate network of warm well-lit underground passages links most of the city centre. Torontonians can move from subway to office block without ever seeing the light of day. Passages are lined with shops and fast-food restaurants leading to spacious covered shopping centres with bars and boutiques, benches to sit on and banks to cash cheques.

The problem for the visitor is that it is easy to get lost. Signs tend to point to office towers rather than streets and a map of the city is little help. But it is worth persevering: underground Toronto is an essential part of a city that has much of the best of the North American way of life and few of the disadvantages.

The city centre looks North American. Its office towers could have been transported from Dallas. But the streets are safe, violence is rare and there is much to make the Britisher feel at home.

The University of Toronto has colleges which copy the style of the old British universities. Marks and Spencer and Boots have stores in the shopping centres and there are British-style pubs. It is as if the hustle and bustle of New York, only 75 minutes away from Toronto's large and efficient international airport, has been calmed down and cleaned up.

Toronto nevertheless retains a slightly provincial, slightly puritanical atmosphere. Despite the presence of large immigrant communities—there is the largest Portuguese community anywhere outside Portugal—the city has not acquired a cosmopolitan feeling. The bars have



Business Guide

home of the Toronto Symphony Orchestra. There is a wide choice of hotels and restaurants and much to see.

Hotels range from the old and comfortable to the modern and plush. The Four Seasons in the trendy refurbished Victorian Yorkville district just north of the city centre is pricey but in common with others in the chain its service is impeccable.

The Hilton Harbour Castle has a large conference centre. It has a splendid view of Lake Ontario that seems further from the heart of the city than it really is. Ontario provincial conservative politicians eat breakfast in the Park Plaza close to the legislature and officials lunch in the Sans Souci, a restaurant whose lighting is gradually dimmed as the day progresses, in the Sutton Place Hotel. The charm of the small Windsor Arms takes the prize. This hotel is Toronto's equivalent of New York's Algonquin, a favourite of writers and the occasional film star. Its restaurant, the Three Small Rooms, can be variable but Sunday afternoon tea in a sitting room off the foyer is an old-style English treat.

For business lunches Win-

ston's opposite the Bank of Montreal's office is home-from-home for Toronto's backroom politicians. Napoleon's Restaurant on Grenville Street is reputed to be the most expensive in the city. But to the visitor the real Toronto experience should take a cab or street car away from the city centre to Joe Allan's Le Pigalle and Julien on King Street for a reasonably priced but pleasant dinner, or go northwards to Rhodes on Young Street or west to Paris Brent on Markham Street—neither takes reservations or to Pronto's, an inventive Italian restaurant, a C\$8 cabride from the city centre. Restaurant tips are expected to be 15 per cent. Taxi drivers usually expect you to round off the fare to the nearest dollar but for short distances 50 cents will do.

For any visitor to the city there are two sites not to be missed. The first is a trip up the CN Communications Tower, the largest free-standing building in the world, with a dizzy and disorienting view of the city. On a clear day you can see across the lake the mists of Niagara Falls, the second essential site. Skip the underground passages but take the boat which pushes its way into the spray and turbulent water at the base of the Falls.

The Royal Ontario Museum has recently been refurbished and offers an insight into earlier colonial days. The Toronto Art Gallery claims one of the largest collections of Henry Moore's sculptures. With a weekend to spare, travel north of the city to the hundreds of lakes and islands which dot the countryside. In winter there is skiing an hour's drive from the city but the slopes are not up to European or rocky mountain standards. During the summer there is a Shakespearean festival at Stratford and a Shaw festival at Niagara-on-the-Lake, one of the most charming villages in North America.

When no visitor should ever forget to be prepared for the climate. For all the air-conditioning, central heating and underground passage-ways, heavy winter coats and hats that cover the ears are essential in winter. Even in April it can get very cold, particularly at night. In summer, wear lightweight suits—the average July temperature is 21.8 degrees Centigrade (71.2 deg F.).

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THE ARTS

Exhibitions

PARIS
Claude Lorraine or Le Lorrain (1600-1682), as his name indicates, was born in Lorraine but spent his creative years in Rome. He was a painter of luminous landscapes and a poet of the sea. He influenced Turner and Monet and was admired by Goethe and Keats. His love of nature charmed the English, yet his compatriots failed to appreciate him fully. Thus many of the oils, drawings and engravings in this exhibition, significantly organised on the initiative of the National Gallery of Washington, will be seen for the first time in France. Grand Palais, closed Tue. Ends May 18 (593 3326).

Edmond Moreau: An exceptional retrospective marks the 100th anniversary of the artist's death including sculpture, the Bar at the Folies Bergères, Nana, and Dejeuner sur l'Herbe. Paintings, which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Moreau revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais, Aug 16-August 1, closed Tue. Late night Wed 10pm (261 5410).

WEST GERMANY
Cologne, Rautenstrauch-Joest Museum: The only German venue of an exhibition featuring 2,000 objects, from wooden masks and death masks, to Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. Ends May 15.



Arts Week
F | S | M | T | W | T | F
6 | 7 | 8 | 9 | 10 | 11 | 12

trologia e Historia in Mexico City. Ends May 15.

Hanover, Kestner Gesellschaft: 18 Wamblichstrasse. The complete graphic work of Oskar Kokoschka, the Austrian expressionist, carefully guarded against daylight so as not to damage the delicate water colours and drawings. Ends May 15.

Cologne, Walter-Richartz-Museum: An der Rechtschule. Irish art of three thousand years compiles virtually all Irish national treasures on loan from the Irish National Museum, Trinity College, Dublin, and Irish Academy of Sciences. Manuscripts, relics of Irish saints and venerated from the workshop of Irish masterpieces, silverware, and gold and silver jewellery. Ends June 2.

Munich, Mittelschulmuseum: In honour of the year's 500th anniversary of Martin Luther's birth, the museum is showing original drafts, documents, models and photographs recording the conception and realization of a number of public memor-

als to the great reformer in the 16th century. Closes at the end of May.

Bielefeld, Kulturhistorisches Museum: 81, Welke Graphics. Coal drawings and sculptures by Otto Pankok, the German artist banned under the Nazi regime. Ends May 22.

Berlin, Staatliche Kunsthalle: 44-46 Radegaststrasse. Heinrich Vogeler retrospective: ceramics, drawings and drawings by the German artist (1872 to 1942) as well as furniture, china and silverware designed by him. Ends June 2.

Berlin, Bauhaus Archiv: 13-14 Klingelbergstrasse. Eighty oil paintings from between 1928 and 1932 by Georg Meche, the German Bauhaus teacher, now aged 88. Ends June 12.

ITALY
Venice, Museo Correr: Eighteenth century engraving. Ends June 5.

NEW YORK
Metropolitan Museum of Art: Those overlooked by the sheer volume of art at the Met will much appreciate the present loan of 250 choice pieces, including the Apollo Belvedere, Caravaggio's The Boy with a Snake, and a number of other masterpieces. Ends June 12.

CHICAGO
Museum of Contemporary Art: To complement the museum's self-appointed task of documenting American uncoloured naïf painters comes an exhibit of 47 uncoloured

German painters of the 20th century, among them Adalbert Trillhase, the Bible-painting clerk who inspired Dürer's study of the early 15th century. Ends May 22.

VIENNA
Hermes Villa, Lainzer Tiergarten: Heinrich von Fautel - buildings and projects for Vienna to commemorate the centenary of the birth of the architect whose projects, realised and unrealised, revolutionised the architecture of his time. The architects of the Volkstheater in Vienna is renowned not only for his "modern" designs but also for his use of new techniques. His solid construction, often with a variety of costly stone, marble and bronze and his intimate cafes, restaurants and private villas remain as witness to his rich talents.

BRUSSELS
Royal Palace of Laeken's Greenhouses: Annual opening of the royal painting collections. Friday and Saturday evening visits are floodlit. Ends May 15.

Palais des Beaux-Arts: Venetian drawing of the 18th century. Tiepolo, Piazzetta, Franchini, Gualdi, Canova, Canova, Canova. Ends May 20.

Krefeldbank: Young artists of Düsseldorf. Ends May 20.

Musee du Costume et de la Dentelle: From Worth to Chanel. Theatre National (from 8pm to 11pm): British posters 1890-1980.

Opera and Ballet

WEST GERMANY
Berlin Deutsche Oper: A new production of Jakob Lenz's chamber opera by contemporary composer Wolfgang Rihm. This work is shown in Berlin for the first time and has Richard Sailer and Carsten Schaefer. This week's highlight is Rossini's Semiramide, in a concert version with Montserrat Caballé and Samuel Ramey. Der Fliegende Holländer is presented with Katharina Lehmann and Martin Schellhans. Further performances are Don Giovanni and Otello both sung in Italian, as well as Der Troubadour conducted by Herbert von Karajan. (343 61).

Hamburg Staatsoper: Arminia produced by Otto Schenk, is premiering this month with Anna Tomowa-Sintow in the title role. La Bohème, sung in Italian has Beatrice Held in the part of Mimì. Der Kaiser von Sevilla with a cast headed by David Randall was revived triumphantly. Der Rosenkavalier features Doris Soffel as Octavian and Helen Dorn in the part of Sophie. (53 151).

Frankfurt Oper: Der Willehalm is new this week. Aida, conducted by Michael Gien, has fine interpretations by Judith Teichgraber in the title role and Sappho Ruchonka as Amneris. La Traviata concludes through the performance of Eugenia Miodov Ar in the title role. (252 21).

Stuttgart Württembergisches Staatstheater: Turandot brings together Jean Jones and John Macurdy. The Magic Flute with Siegfried Jerusalem and Isabella Nawe is well worth the effort. Hans Werner Henze's Pollicino has been restaged this season. Harry Kasper's highly acclaimed production of Wozzeck is revived this week. La Traviata is sung in Italian. (252 21).

Munich Bayerische Staatsoper: Accelino, for Orpheus and Eurydice. With Brigitte Fassbaender, Lucie Popp and Julie Kaufmann. This Ot-

ello has been said to have the world's best cast in Margaret Price, Piero Capocelli and Carlo Cazzulani. Fiedler features Edgardo Rebrun and Norbert Schenk. Die Verkaupte Braut is a fresh and delightful revival. (115 11).

LONDON
Royal Opera, Covent Garden: The new production of Puccini's Manon Lescaut, reaches the Royal Opera stage after a rough birth period, but it has a story cast - To Kanna, Domingo, Allen - and the rising Italian conductor Sinopoli as its surest assets. (240 1006).

English National Opera, Coliseum: Frodo's original opera. The Gamblers, low, rough-edged, immensely exhilarating, has its first London production (by David Pountney). Also in repertoire, further performance of the company's well-rehearsed Piedermas, and a revival of its no less well-tried but evergreen Magic Flute, with a promising cast of newcomers including Joan Rodgers and Glenn Winstade. (536 3161).

MAY FESTIVAL WIESBADEN
This year's festival has something for everybody. The Gamblers, a new production by Michael Gien, has fine interpretations by Judith Teichgraber in the title role and Sappho Ruchonka as Amneris. La Traviata concludes through the performance of Eugenia Miodov Ar in the title role. (252 21).

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MUSIC

NEW YORK
New York Philharmonic, Andrew Davis conducting. Vangelis Williams, Edgar, Dvorak (Wed, Thur). Avery Fisher Hall (542 4244).

Alfred Brendel, piano. Beethoven, Chopin, Liszt. Carnegie Hall (247 7459).

Philip Glass with Philip Glass Ensemble. Paul Zukofsky, violin (Tue). Carnegie Hall (247 7459).

Guiseppi Stabile, conductor. Brahms' First (Tue, Thur). Kaufman Hall (1385 Lexington, at Blvd. 42nd St. 4610).

Music from Marlboro. Beethoven, Hindemith, Mozart (Mon). Alice Tully Hall (262 1011).

WASHINGTON
National Symphony: Peter Maag conducting. Emmanuel Ax piano. Haydn, Mozart, Brahms (Tue, Wed, Thur). Kennedy Center (247 7459).

Peabody-Symphony: Peter Eros conducting. Claudio Paganini piano. Prada, Ponce, Enríquez, Gould (Mon). Concert Hall, Kennedy Center (247 7459).

Toronto: Pamela Coburn, soprano recital. Schubert, Wolf, Puccini, Rachmaninoff, Bizet (Mon). Orpheus Chamber Ensemble, Richard Goode piano. The Music of John Browning piano recital. Debussy, Ravel, Liszt (Tue). Kennedy Center (247 7459).

CHICAGO
Chicago Symphony: Leonard Slatkin conducting. Donald Peck flute. First, Tchaikovsky, Shostakovich (Wed, Thur). Orchestra Hall (435 8122).

VIENNA
Kunsthof (72111): Vienna Philharmonic, Claudio Abbado conducting. Opening concert of the Vienna Festival Chorus and Orchestra. R. Strauss. (Thur 11pm): NHK orchestra Tokyo, conductor Wolfgang Sawallisch. Walter Klien, piano. Schumann, Brahms, Mozart (Thur).

Seaside: Festival of Ensembles representing minimal and new music. Ensemble 13 (Tue and Wed). Terry Riley (Thur).

LONDON
Philharmonia Orchestra and Chorus conducted by Vladimir Ashkenazy with Sheila Armstrong, soprano. Rhydian Davies, tenor and John Shirley-Quirk, baritone. Rachmaninov and Sibelius. Royal Festival Hall (Mon). (252 3131).

Philharmonia Orchestra conducted by Vernon Handley with John Lill, piano. Rossini, Rachmaninov and Elgar. Royal Festival Hall (Tue).

Seaside: Festival of Ensembles representing minimal and new music. Ensemble 13 (Tue and Wed). Terry Riley (Thur).

English Chamber Orchestra and Tallis Choir. Concert conducted by Michael Tilson Thomas. Mozart and Beethoven. Barbican Hall (Thur). (338 8891).

PARIS
Chamber Music - Sylvie Carbonnel, piano. Nina Bodnar, violin. Hervé Derrien, cello. Mozart, Chopin, Brahms trios (Mon) Radio France, Grand Auditorium (534 1510).

Beethoven, Schubert (Mon) Theatre des Champs Elysees (247 4777).

Aroca - choral festival 1983 (Mon) Salle Pleyel (538 8873).

Concert Lesureux conducted by Jean-Claude Bernadine. Mozart's coronation mass, requiem (Tue) La Madeleine Church (563 4434 11am-4pm).

Orchestra Colonne conducted by P. Dervaux. Mark Zeltzer, piano. Jean-Michel Vint, horn. Fould, Rachmaninov, Strauss (Tue) Theatre des Champs Elysees.

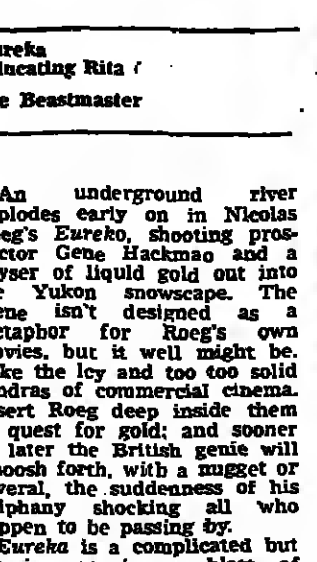
Ballets d'Opera de Paris conducted by Claude Bardone. Segura Costa, piano. Jean-Pierre Waller, violin. Beethoven, Hindemith. (Tue) Salle Gaveaux (563 2030).

Orchestra Nationale de la BRT. Victor Tzouk, violin. Beethoven, Glazounov, Tchaikovsky's Pathétique Symphony (Tue) Salle Pleyel.

Novel Orchestra Philharmonique. Conducted by Jerry Semkov. Stephen Bishop-Konovitch, piano. Mozart (Wed) Radio France, Grand Auditorium.

ZURICH
Tonhalle: Tonhalle Orchestra conducted by Moshe Atzmon with Karl Engel, piano. Brahms and Mozart. (Tue 8.15pm). (01-201 1580).

Cinema/Nigel Andrews
Roeg's gallery of wonders



Jane Lapotaire, Gene Hackman, Theresa Russell and Rutger Hauer in "Eureka"

An underground river explodes early on in Nicolas Roeg's *Eureka*, shooting prospector Gene Hackman and a reaper of Angkor gold out into the Yukon snowscape. The scene isn't designed as a metaphor for Roeg's own movies, but it will might be. Take the icy and too too solid tundra of commercial cinema, insert Roeg deep inside them to quest for gold; and sooner or later the British genie will whosh forth, with a sunset of Angkor gold out into the Yukon snowscape. The scene isn't designed as a metaphor for Roeg's own movies, but it will might be. Take the icy and too too solid tundra of commercial cinema, insert Roeg deep inside them to quest for gold; and sooner or later the British genie will whosh forth, with a sunset of Angkor gold out into the Yukon snowscape. The scene isn't designed as a metaphor for Roeg's own movies, but it will might be. Take the icy and too too solid tundra of commercial cinema, insert Roeg deep inside them to quest for gold; and sooner or later the British genie will whosh forth, with a sunset of Angkor gold out into the Yukon snowscape.



Jane Lapotaire, Gene Hackman, Theresa Russell and Rutger Hauer in "Eureka"

There are fly-by mythic allusions that brush your face (to Greek legend, to The Ring, to alchemy). There is a fierce flux of visual sensation as Roeg thunders out the elemental imagery of snows and storms and fire. And there are startling ways. Scripted by Paul Mayersberg (who screenwrote Roeg's *The Man Who Fell to Earth*), the movie is about the story of a man's body and soul about the vultures who gather round the millionaire at first scent of mortality—and it climaxes in a grisly murder, McCann's own. One night riotous with rain and thunder, he's bested, his jaw lammed and beheaded in his bedroom by a caucus of mobster hitmen; trailed after by the ashen, ghostly camp-follower Claude. (The film's story was culled from the killing of millionaire Sir Harry Oakes in Nassau in 1943. His French son-in-law was tried for and acquitted of the murder). Roeg builds a majestic metaphorical echo-chamber round the two-pronged cannibalism of this murder: Albert, the embroglio of greed and desire leading up to it. The gangsters want the "body" the territorial effects, the property, the real estate. The sickly-ruthless son-in-law, who loves Tracy as 'oul-heir to her magical father and shrine of his inner strength, wants the secrets of McCann the Achiever, the "soul". Killing him is a spiritual cannibalism.

Plans for 1983 Henry Wood Promenade concerts

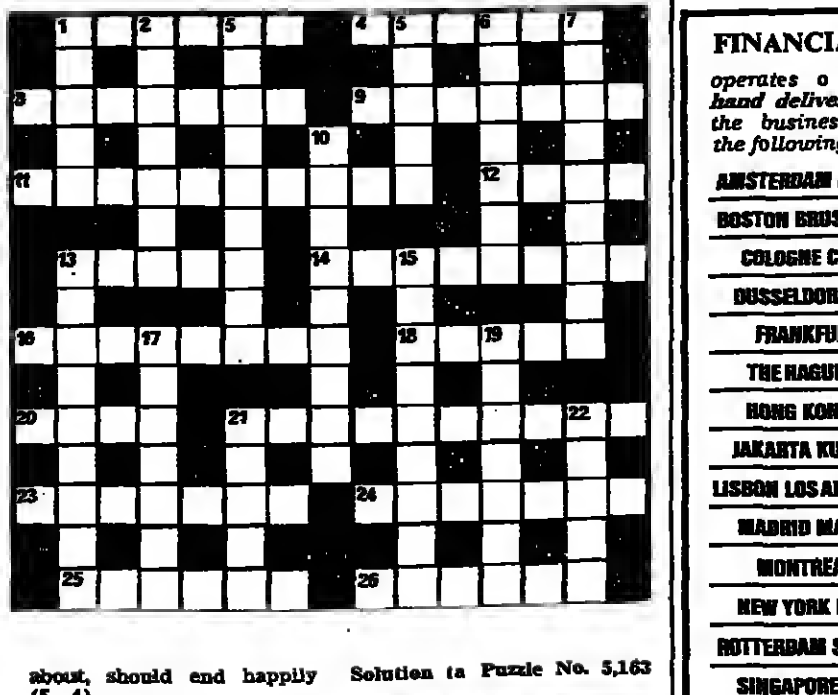
Plans for this year's Henry Wood Promenade Concerts, the 89th season, were announced yesterday by Robert Ponsbury, the BBC's Controller of Music. The series opens on July 22 in the Albert Hall with Sir John Pritchard conducting the BBC Symphony Orchestra and Chorus, with Illeana Cotrubas and Robert Tear, in Beethoven's *Mass in C Major*, Wagner's *Die Meistersinger*, and Peter Maxwell Davies's *Sinfoniae* *funebre et triumphale*.

Three Polish composers will conduct their own works: Penderecki on July 31, Lutoslawski on August 30 and Panufnik on September 14. The Proms 83 brochure contains an informative essay on all three by Nigel Osborne. And to complete the Polish connection, Szymanowski's Third Symphony will be conducted by Norman Del Mar on the last night, September 17.

New works have been commissioned from Elizabeth Maconchy (July 26), Dominic Muldowney (July 27) and Elliott Carter (August 7). There are first Prom performances for Peter Maxwell Davies's *Sinfoniae* *funebre et triumphale* (August 12) and Robert Saxton's *The Ring of Eternity* conducted by Oliver Knussen (August 24). The Concertgebouw Orchestra under Bernard Haitink give two

F.T. CROSSWORD PUZZLE No. 5,164

ACROSS
1,4 The limits of transport, figuratively speaking? (8, 6)
8, 9 Non-18 across islander, (7, 7)
11 Almost spring-like, a curl is coiled, in common parlance (10)
12 Stone unknown after last stages of matrimony (4)
13 Italian food, not French, thanks (5)
14 Southern sense of paper—it's against the government (8)
16 French shepherd gets bill from Jersey copper (8)
18 Mysterious tongue with a word for it (5)
20 Traffic in Kent (4)
21 Depressed, in special trouble? Slip into bed! (6, 4)
22, 24 Late education desired by social egalitarians? (7, 7)
25, 26 Flexible structure at the card table? (5, 6)



DOWN
1 Narrow escape from visiting the Dean and Chapter? (5, 4)
3 One who goes in for jamming may get life (9)
5 Means of keeping person on the leash? (3, 6)
7 Go blind when injured by high-class writer (4, 8)
10 How the customs are cut out? (7)
21 Money to take care of: write this in French (5)
22 Temperamental actresses might make one (5)

Solution to Puzzle No. 5,163
ACROSS
1. Limits of transport, figuratively speaking? (8, 6) - TRANSPORT
8. Non-18 across islander, (7, 7) - JERSEY
11. Almost spring-like, a curl is coiled, in common parlance (10) - COILED
12. Stone unknown after last stages of matrimony (4) - STONE
13. Italian food, not French, thanks (5) - PASTA
14. Southern sense of paper—it's against the government (8) - PAPER
16. French shepherd gets bill from Jersey copper (8) - PASTA
18. Mysterious tongue with a word for it (5) - TONGUE
20. Traffic in Kent (4) - KENT
21. Depressed, in special trouble? Slip into bed! (6, 4) - BED
22, 24. Late education desired by social egalitarians? (7, 7) - EDUCATION
25, 26. Flexible structure at the card table? (5, 6) - FLEXIBLE

Theatre

LONDON
A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a UNESCO conference on world poverty has been convened. Chilli, medium production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi), a journalist and Diana Quirk as the actress in the middle of an ideological showdown. (223 2233).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (223 2233).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, comic vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (223 2233).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small to adult sexuality in half an hour. (223 2233).

Trafalgar (Mermaid): Embellish play starring Toyah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has reopened the embattled City of London venue. (223 2233).

The Finest of Penzance (Drury Lane): Ridiculously vulgar Broadway import that pits Gilbert and Sullivan on a whoopee cushion. (330 8106).

Gays and Dolls (Olivier): A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (223 2233).

NEW YORK
Showboat (Gertrude): The newly renamed Uris hosts the Houston Opera revival of the 1927 Kern-Hammerstein musical with songs like Old Man River, starring Donald O'Connor. (51st W. of Broadway, 586 0512).

Dead for One (Roundabout): Eva Marie Saint brings to New York her starring role as the stricken concert performer facing her psychiatrist in Tom Kempinski's theatre a chief. (247 7800).

Brightest Boosh Menstru (Alvin): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (757 8445).

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the year - Arvin Brown's gritty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of convoluted despair too soon, but audiences love the scene, even in an Italian accent. (229 6920).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Agass of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enlivens a somewhat over-written clash of ideologies. (246 4538).

Joseph and the Amazing Technicolor Dreamcoat (Royal): The first work by Andrew Lloyd Webber and Tim Rice in a lively and imaginative ren-

dition directed by Tony Tanner. Nine (46th St): Two dozen women surround this Tony Tanner in this Tony Tanner winning musical version of the Fall-in film 9-6, which the original celebrates creativity; here is a series of Tony Tanner's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262).

WASHINGTON
Buried child (Kreger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arena, 488 3300).

CHICAGO
The Driving Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3900).

E. R. (Organic, 3315 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodrama, starring Gary Houston as an ambitious young doctor, Shakti Arzoo as the receptionist and Lily Monks as the authoritarian nurse. (327 5588).

Gardenia (Goodman): John Gurney picks a post-U.S. Civil War setting for his latest play, following up *Boys and Girls* with idealism trying to set down roots in innocence. Red River (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre LaPlante's position on the lives of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (443 3900).

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Friday May 6 1983

The case for Volcker

BY AUGUST President Reagan will have to decide whether to choose a new chairman of the Federal Reserve System or to invite Paul Volcker to continue for another four-year term. The case for Mr Volcker remains at his post a strong one, both objectively and from the international point of view. But more is required than that—President Reagan must be convinced that he has more to lose than to gain by Paul Volcker's replacement.

Mr Volcker's achievement over the last four years has been to restore trust in the real value of the U.S. dollar. The phase of monetary self-discipline which he embarked upon in the autumn of 1979, amidst economic pain inside the U.S. and abroad, pushed dollar interest rates to unprecedented levels and thus burdened companies and countries which had made floating rate borrowing a habit. It gave the U.S. dollar a strength which increased the costs of many other countries' imports and thus forced them to pursue matching interest rate policies of their own.

There were many detailed criticisms of the implementation of the Fed's new monetary policy, but the net effect was that inflation in the U.S. came down from 14 per cent to 4 per cent, and more important still, Mr Volcker began to embody a determination that it should stay down. The benefits could then start to flow. Having done this, Mr Volcker could begin to experiment with greater flexibility in the way he pursued it. When the mounting cash crisis of corporations and countries began to threaten the banking system in the middle of last year, Mr Volcker was able to ease up on his monetary policies without reviving inflation pressures in the financial markets.

A caution from the Governor

CENTRAL BANKERS are, in the nature of things, cautious animals. It was thus only to be expected that the Governor of the Bank of England, Lord Richardson, should fire a cautionary shot over the bows of the Building Societies Association in discussing the future role of the building societies at the association's annual conference yesterday.

In January the societies asked for new legislation to permit them to carry out their traditional job more effectively, and, more controversially, to allow them to diversify into businesses such as estate agency, insurance, conveyancing and commercial banking. As well as calling for increased financial and managerial resources, most of these activities would involve substantially increased risk. It is far from clear that the societies had grasped the full implications, particularly in terms of capital adequacy, of what they were proposing. Lord Richardson's strictures are to that extent soundly based.

The nub of the Governor's message is that the building societies do indeed need to change to meet a number of pressing challenges. The clearing banks are mulling in on their traditional mortgage business and it is only fair that legislative curbs which prevent the building societies from innovating in this area should be relaxed.

Case Similarly there is a powerful case for legislative change to reduce some of the disadvantages under which the building societies labour in attracting funds. They have been able to maintain their position in the personal savings market in competitive conditions only by running down their operating surpluses, a cost which has largely been hidden in recent figures by capital gains on gilt-edged securities. And they have also taken to the wholesale money markets to bolster their deposit base.

In these circumstances the inability to offer a comprehensive money transmission service, to take one obvious example, is a legal handicap via a via the clearing banks that looks increasingly unjust and does little to foster competition in the market.

ders how successfully an untried successor would deal with banking problems which may still be abating. The trust in the Federal Reserve has reached a point where long term dollar financial assets are once again becoming an acceptable form of investment. The U.S. investor has rediscovered his enthusiasm for shares and pushed the stock market in Wall Street sharply upwards. The bond market has opened for U.S. corporate and government securities. This renewed viability of long-term funding, whether of companies or of budget deficits, is an essential ingredient in getting U.S. short-term interest rates down and the dollar exchange rate back towards a more realistic level.

But President Reagan has more on his mind than foreign enthusiasm and the virtuous circle of post-inflationary finance as he ponders Mr Volcker's re-appointment. With re-election as his aim he may feel the need to attract more credit to himself for the success against inflation and to associate Paul Volcker with a phase of recession now behind us. He knows that the U.S. economic recovery still looks fragile and he may fear that Mr Volcker will perceive a need to tighten money in the run up to the Presidential election. He may, quite simply, want to seize the infrequent opportunity to put his own man "a team player" in the powerful post of Fed chairman.

Fragile The fact remains that if President Reagan seeks to improve the climate for his re-election by choosing his own man he risks creating exactly the financial conditions he is anxious to avoid. The mere existence of a political appointee at the Fed will threaten the fragile belief in the U.S. financial markets that inflation is under control. Wall Street would return to the obsessive Fed-watching of two years ago and would almost certainly take fright at any attempt to engineer friendly monetary conditions in the lead-up to an election.

It is decided to run for re-election President Reagan will have a number of tricky currents to negotiate in matters of defence, foreign policy and government spending, but monetary policy need not be one of them. The Fed has provided him with an achievement that he would do well to hold onto.

Even in these limited areas, however, change makes big demands on building society management. And when it comes to setting up banks, licensed deposit-takers and insurance companies, Lord Richardson's caution is clearly justified. A rapid diversification by a few societies could, he thinks, affect the public image of a movement in which great goodwill attaches to the traditional name and status of the building societies.

Moreover, the present accountability of building societies has been widely questioned. Wider diversification would involve wider discretion and responsibility for the directors. Clearer accountability to shareholders, while the building societies themselves seem reluctant to contemplate, would surely be called for in the event of a conglomerate move.

The overwhelming argument in favour of making haste slowly concerns prudential control. At present building societies maintain reserves equivalent to about 4 per cent of their assets. This is more than adequate for their present low-risk lending business, but quite inadequate for the wider role envisaged in the Building Societies Association's January report.

To operate on a grander scale the societies would have to accumulate substantial reserves and be prepared to submit to far greater supervision. And Lord Richardson justly pours cold water on the curious assertion in the report that by setting up banking subsidiaries, the building societies could insulate their own deposits from most of the risk of loss. The Bank with supervisory responsibility for the subsidiary, would insist that the parent stood behind the subsidiary's deposits.

It will do no harm for the building societies to confront these home truths. But Lord Richardson's parting shot should not be allowed to discourage measured steps towards diversification. The building societies have shown greater responsiveness to consumers than the clearing banks and represent a potential force for innovation in a sector where more competition is all to the good.

THE meteoric rise of Keith Hunt, a 34-year-old Warwick investment manager and commodity speculator, came to an abrupt end in an early morning car chase through the streets of West London just three weeks ago.

Mr Hunt abook off the two members of his staff who were in hot pursuit and has not been seen since. At the time of his disappearance, he was taking in funds at a rate of £500,000 a week from clients impressed by his remarkable claim to have achieved an average annual return of 88 per cent over the five years he had been in business. In the last 12 months the funds under his management had grown from about £7m to £10m.

His chief companies are now facing imminent liquidation and £11m of clients' money is so far unaccounted for. Many of his 2,000 clients now regret that they did not follow the advice he gave regularly in letters to them: that once they had made 100 per cent profits, they should withdraw their original capital from what, he emphasised, was a high risk investment.

But as Mr Hunt may have realised, his advice normally had the opposite effect—it persuaded his clients to keep their money invested with a cautious man whom they could trust in the hope of almost doubling their investment every year.

The story of his rise and fall is a complex one but there is no doubt that Mr Hunt had a remarkable record as an analyst of commodity price movements. He won a Prestel competition last year for correctly forecasting the price of gold and frequently gave informal forecasts of perfect accuracy to his clients and staff.

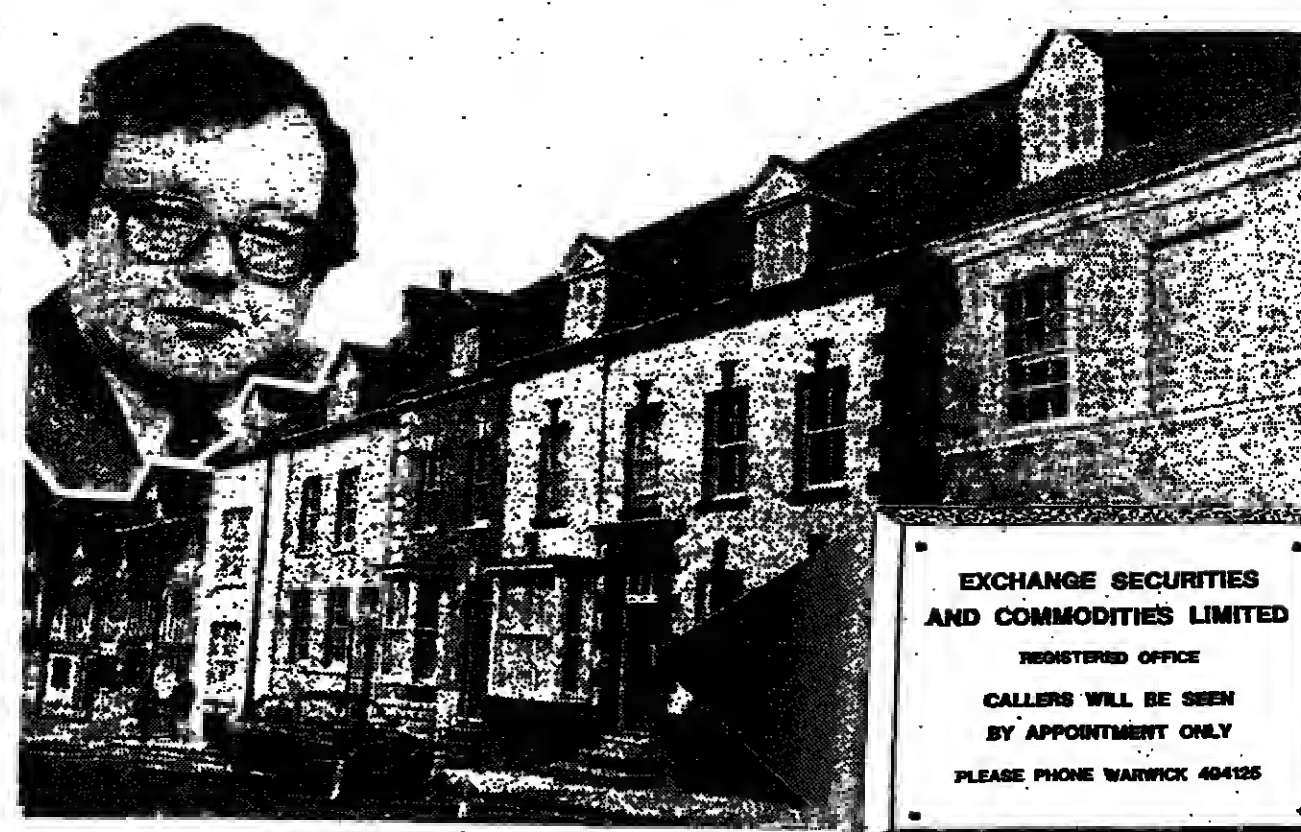
One of Mr Hunt's oldest clients, Mr Joe Shaoul, secretary of the quoted Manchester property company Regentcrest which also invested with Mr Hunt, says: "He has a superb analytical brain. He was right about the markets nine times out of ten. But he was under tremendous mental strain. He noticed on several occasions not to build an empire. I think the animal he created got out of control."

"He was a maniac for data," says Mrs EH Gifford, a leading medical analyst at City commodity brokers Rudolf Wolf. "He did far more research than anyone else I have ever seen in my life. He did a lot of valuable analysis in areas most people don't understand."

Yet Mr Hunt took little notice of current affairs or of events which might move the markets he was following. The only subjects he would read about in the newspapers were fraud cases, about which, his staff say, he had an encyclopaedic knowledge, and the seedier types of crime.

About the effect of the latest black-pod disease on the Ghanaian cocoa crop, a breakdown in the international sugar agreement or a fall in the stocks of silver held by smelters, Mr Hunt knew nothing and wanted to know nothing.

"I don't want my judgment



clouded," he said in an interview in March. "I don't know how to quantify the importance of a piece of news in the market place." Similarly, he insisted on working in Warwick—where he was brought up and where his father is a local councillor—to keep away "from the rumour-mongering of the City."

His distance from the City was reflected in his claim to have created a network of dealing companies which allowed him

£11m of clients' money so far unaccounted for

to deal in the market without being recognised or followed by other speculators. "I have constructed an entire anonymous facade," he said in March.

His style of working was unusual: he would always lock himself up alone in his office before supposedly placing orders to buy or sell futures contracts. When the monthly client statements were due to be drawn up, Mr Hunt would merely inform his accounting staff of the transactions and profits he had made—and no one could check his claims.

He always assigned specific tasks to his research team and no one, except himself, was ever allowed to piece together the results and make decisions as to whether to enter the market. Thus his entire staff was dependent on him to bring in the money necessary to keep his army of dealers busy. But to many of his clients Mr Hunt seemed a model dealer.

THE KEITH HUNT STORY

An empire that never was

By Clive Wolman

He focused all his efforts and those of his strong research team on one factor alone, more than in the market price. He had a voracious appetite for data on the price history of nearly every commodity futures contract, and many stocks and shares, dating back to the Second World War.

"Price movements are the only thing I can measure and be certain about," he said. "All the news—everything—is in there, in the price."

He claimed his analysis was much more sophisticated than that of the charlatans whose methods he dismissed as "primitive mechanical trading systems." His method, he said, involved highlighting some periods of price behaviour and ignoring others he considered anomalous, for example the 1972-73 stock exchange collapse and subsequent bounce-back.

"When gold was shooting up, some clients phoned me to ask why we weren't in the market," he said. "I told them that if they didn't like what I was doing, they could pull out their money. I may be boring but I'm consistent."

Part of Mr Hunt's appeal to investors was that, for a commodity speculator, he claimed to adopt an approach of extreme caution. "I am a taker of calculated risks, but only when I can calculate them objectively and clinically," he said. "I won't take up a position unless the probability of being right is never 80 per cent."

Even when he took the plunge, according to the statements he sent monthly to his clients, he never claimed to be perfect: the price would move against him, on perhaps one occasion in three. The reason

might be an unanticipated change in the fundamentals, for example a Peruvian copper-mine strike. On such occasions, he said, he would cut his losses immediately, after possibly only a few hours in the market.

But if the price moved as he forecast, he claimed that he would maintain his position for an average of two weeks until his computer's various forward projections started to disagree with each other. Even then, he said, he hardly ever committed more than 15 per cent of his clients' money to any one position. He claimed to take only a 15 per cent out of the net profits (after offsetting losses) he made for his clients each year. His senior executives now believe that this was probably just sufficient to cover his overhead.

Mr Hunt first became interested in commodities in the mid 1970s, after leaving Manchester University where he studied law. He said he made a lot of money dealing on his own account in the cocoa futures market and then lost most of it. In 1977 he worked for about six months at Birmingham stockbrokers Smith, Keene and Cutler. In his spare time, he made money for himself by commodity speculation and eventually he helped to set him up in business by himself in Warwick.

"He seemed to be forecasting correctly and there is no doubt he was actually making the money he claimed," says Mr Roger Wood, the senior partner. Even up to a few months ago, he said, he could telephone Mr Hunt and he would tell him what he had opened in the market—and then follow subsequent price movements. "He nearly always seemed to get it right."

The complete Chinese law governing taxation and profits repatriation for foreign companies investing in China runs to only some 10 pages in its revised 1980 form, she says. "But books can be written on the application of that law in practice," she adds.

A year ago, as his organisation started to grow at an

Through Mr Wood, Mr Hunt met Mr Joe Shaoul and, subsequently other Manchester businessmen. The large majority of his early clients, before he began advertising in 1981, came from the Manchester area and their money accounts for the bulk of the £5m to £4.5m in a special managed account which was controlled by Mr Hunt personally. This account was constructed in such a way that futures market transactions would be considered bets

Resignation of auditors first hint of trouble

by the tax man. Profits from bets are not taxed.

In his early days as an investment manager, Mr Hunt lived with his parents and then moved to a single attic room in a house owned by his father. He subsequently took over the rest of the house for his first set of offices. But while the rest of the building was lavishly furnished and carpeted, he left his own attic room untouched.

In his first four years, he built up his staff slowly concentrating on the employment of assistants to do the more routine research. He himself followed a punishing routine, getting up at 3.30 most mornings and working in his dressing gown with his computer analysing the previous day's price movements. "It allows me four hours work without any interruption or any fear of interruption," he said softly but intensely. "Most people are totally undisciplined, but I have chosen my direction."

Men & Matters

Sotheby's bid extra

The referral of the Sotheby bid to the Monopolies and Mergers Commission, may be one in the eye for the Director General of Fair Trading who advised against it, but it represents a signal triumph for three pioneering shareholders of the Westminster lobbying industry.

Jenny Jeger, Andrew Gifford and Wilf Weeks ought to know their way around the corridors of power reasonably well after spending the late 70s as political assistants to Messrs Callaghan, Steel and Heath respectively. Who better, then, for merchant bankers S.G. Warburg to recruit in their last minute bid to snatch Sotheby from the jaws of Mammoth?

Just what a last-ditch exercise it was is only now becoming apparent. Warburg called up the trio's lobbying agency, GJW Government Relations, as late as April 22, presumably just as all else looked like falling.

Sotheby's bewildered management was given a crash course on the realities of power over the following weekend. Long lists of friends in high places, hastily prepared by Sotheby's, were discarded in favour of a few key names, notably a handful of Tory backwoodsmen on the backbench trade committee. Half a dozen letters were then fired off at Trade Secretary Lord Cockfield, it seems, and most effective they have proved.

Not surprisingly, this has all struck bankers Morgan Grenfell as being a touch on the fast side. As advisers to the U.S. bidders Morgan Grenfell worked hard on its own lobbying, drawing letters of support from the Dean of Harvard through to New York bankers to the chairman of the American Stock Exchange no less. But they all went straight to the Office of Fair Trading.



"I hope that watch also shows the date, I'll be years before they electrify this line."

"We thought it would be singularly inappropriate to lobby the Trade Minister directly," says Morgan Grenfell's Roger Seelig. "We made the fullest possible representations to the OFT. More than that we could not do." Not so, it now appears.

Deeds of youth

Adrian Collins emerges from yesterday's S.M. Echo International deal with Garmore to find himself at the age of 29 with overall responsibility for assets of £12m.

Formerly in charge of Garmore's unit trust side alone, Collins will take investment trust, pension fund and insurance accounts too, under his wing as the new managing director of Garmore Investment Management.

His reaction yesterday was typically modest. He paid tribute to what he describes as "the large number of talented

people we have on board." But anyone who thinks the willow youth is ill-qualified for the challenge ahead ignores Collins's impressive record.

Having left school at 17, he won a thorough grounding in the City of Jessel Britannia, the unit trust outfit sold to Slater Walker in 1974 and now part of Britannia Arrow.

Collins joined Garmore in 1975 when its unit trust funds totalled a mere £450,000. With only one acquisition along the way, he has helped build this operation to its present prominent position in the industry with funds of £180m.

Following the new link with Exon (an all-share deal which raises the stake of Garmore's previous owner British and Commonwealth in the money brokers to 18.3 per cent) the aim is to expand internationally.

Japan and the U.S. will be Garmore's main targets. "After all, along with the UK, these are the places where the big pots of money are to be found," says Collins.

Profit motive

The Chinese authorities have come to a new understanding with that ancient capitalist tool—money.

Margaret Jack, aged 32, a Hong Kong Chinese herself and a partner of Price Waterhouse Hong Kong, would not describe the Chinese attitude quite so bluntly. But that is the gist of what she will be telling about 100 of her colleagues when she makes a series of presentations to them in London today on the latest Chinese attitudes towards foreign investment.

Married to an Australian who is also a P.W. accountant, and with one child, she nevertheless manages to divide her time almost equally between the P.W.

Hong Kong and Peking offices. She is assuring potential industrial punters in the Chinese market that they will be able to get their profits out of the market.

But rather than talk in such stark terms as profits and money she prefers the oblique quality of the Chinese way. The Chinese government, she says, is now operating a "responsibility" system whereby performance in industry is being measured by—wait for it—profits.

The complete Chinese law governing taxation and profits repatriation for foreign companies investing in China runs to only some 10 pages in its revised 1980 form, she says. "But books can be written on the application of that law in practice," she adds.

Order of merit

High praise for Lord Carrington from Helmut Schmidt. The former West German Chancellor starts an article in this week's Die Zeit by calling Carrington "the best Western foreign minister of the late seventies and early eighties."

But wait. Has Schmidt forgotten his own foreign minister Hans Dietrich Genscher, who led his Fr. Democratic Party out of the Bonn centre-left coalition last autumn?

On the contrary, Schmidt remembers Genscher all too well, I am assured. Carrington it is.

In short

From a Yorkshire newspaper report—Commenting on the disposal arrangements, the chairman said: "It is simply that we have decided to channel our efforts into the ever-growing field of contracting."

Observer

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U.S. CHEMICALS

The shadow of overcapacity

By Carla Rapoport, Chemicals Correspondent

UNION CARBIDE

Asset sales near \$1bn

THERE MAY be an economic recovery on the way in the U.S. but it's not making Mr. Irving Levowitz any happier. Mr. Levowitz is a vice-president at Exxon Chemicals in Houston, Texas. As far as he's concerned, this is a recovery which the U.S. chemical industry needs to ignore.

"We're probably going to see a bad situation get a little better. But this industry is still plagued by low growth rates and significant overcapacity. We have a fundamental structural problem in commodity chemicals which is going to take at least two more painful years to sort out," he says. Commodity products are the basic chemicals from which plastics, resin and solvents are made.

Mr. Levowitz and many others like him, fear that the new savings in demand will weaken the industry's resolve to make further, necessary cuts in capacity and manpower. At Exxon alone, bulk petrochemical capacity has been shrunk by nearly a third in the last year—but even this, Mr. Levowitz reckons, is not enough.

Demand remains so uncertain and other companies have yet to be so ruthless on capacity cuts. Indeed, the central feature of this gloom \$185bn-a-year industry is that companies from the largest to the smallest are running hard to get away from the troubles of the heavily depressed commodity chemicals business.

Genetically engineered pesticides, graphite fibres, new solvents for the aerospace and automobile industries, pharmaceuticals, chemicals for semiconductor circuitry—these are some of the specialty, higher value-added areas on which chemical companies are now concentrating.

As for petrochemicals, such as polyvinyl chloride (PVC) and the versatile polyethylenes, words like "gut-wrenching" and "disastrous" and "horror" are repeated in annual reports as if to absolve the companies, at least partially, for particularly bad performance of these bulk commodities in 1982.

Almost every company says that it has cut capacity, fixed costs and shut substantial spare capacity with the result that many companies can break even in commodity products even if they are running only

ONLY FOUR years ago, Union Carbide announced a goal of \$800m in net income and \$1.1bn in sales by 1985. Last year, its recession took its toll and net income scraped in at just over \$300m, with sales at around \$900m. Even so, officials at Carbide's new headquarters in Danbury, Connecticut, comfort themselves that things could have been a lot worse.

Since 1977, Union Carbide has been shedding assets which are either peripheral to its core businesses or provide poor returns. The sales, totalling nearly \$1bn, included the disposal of the group's health care activities, its ferro-alloys operations and the \$400m sale of its European low density polyethylene and ethylene oxide

business to BP Chemicals in 1978. Mr. Warren Anderson, chairman, says that earnings last year would have been \$200m lower but for these sales.

The group is reaping strong rewards from the licensing of its unique process for the manufacture of low-density polyethylene, the material that becomes plastic wrap as well as industrial packaging. Carbide's energy-saving, cost-effective method is expected to account for more than a fifth of the world's output of LDPE by 1985.

Today the group has less than 40 per cent of its assets wrapped up in chemical and plastics and that percentage should continue to shrink.

"We don't have to be the biggest any more; growth for its own sake is just not important," says Mr. Anderson.

AMERICAN CYANAMID

Potatoes add up to a stew

AMERICAN CYANAMID, which gave the world Formica, is one of the best examples of a successful move into specialty chemicals.

In its rush to develop higher value-added products, the New Jersey-based group has boosted its R & D expenditure from \$3.5 to \$4.5 per cent of sales in the last 10 years, while cutting back on its capital expenditure programme from 8.6 per cent of sales to just 5 per cent.

By 1981, it could report that its specialty chemical businesses accounted for 75 per cent of its \$3.6bn in sales, while its assets tied to the bulk chemical business had dropped from 45 to 35 per cent in the previous five years.

Earnings have yet to respond, but analysts are becoming increasingly impressed by Cyanamid's success with its pharmaceutical business. The group recently licensed a penicillin developed in Japan, Pipracil, and saw sales climb to nearly \$70m in just one year.

So far, Cyanamid's largest volume specialty is acrylamide, used to make polyacrylamide flocculants, which in turn are used in water and waste treatment, in gold and coal mining and by the paper industry for filtration. Cyanamid is the largest producer of both materials and is expanding its current capacity by more than a third by 1984.

"Areas like these are still small potatoes," says the Cyanamid manager, "but added all up together, they can make a pretty substantial stew."

chemicals over the next decade remain distinctly cloudy. More and more developing countries, particularly in the Middle East, are building up their own production to replace imports and provide new export opportunities. At home, customers have learned to live with leaner inventories and to use high-priced plastics more frugally.

The growth of the disposable plastics sector is also under threat from the increasing trend to conservation in the U.S.

So far, most companies seem to be assuming that the market for specialty chemicals is different. But the headlong rush into this sector could cause the same kind of problems which have affected the commodity end of the industry.

The demand for chemicals by the semiconductor industry, for example, is currently projected to grow to \$1.5bn by 1987, an annual growth rate of 15 per cent. But if five major chemical companies and 10 small ones all rush into this market, Mr. Levowitz's fundamental problem returns.

A recent Chem Systems study revealed that if the top 10 U.S. petrochemical companies acquired the top 10 specialty chemical companies, the larger companies' profit margins would increase by only 0.21 per cent in a good year. "Specialties are a facile replacement for an all-in business," says Mr. Bennett.

He also points out that specialty products demand a wide range of product expertise and marketing know-how, as opposed to the commodity businesses. "Not everyone is going to be able to do it," he predicts. "Companies should fix up the businesses they are in."

At Exxon Chemicals, Mr. Levowitz has been facing just this task. As vice-president of the olefins, or heavy petrochemical, division, Mr. Levowitz can hardly start a biotechnology venture on an old site. Last year, the division shot down 900m lb worth of annual ethylene capacity and reduced its employees by more than 10 per cent.

"We've done all the traditional things. We've had a strategic rethink of our business, cut costs and operating levels. But I don't delude myself. I have to assume my competition has been doing the same thing. I just want to be sure we're not in a lousy industry," he says.

Lombard

The perils of bureaucracy

By Michael Dixon

"A MACHINE designed by geniuses to be run by idiots" was how Herman Wouk's novel *The Caine Mutiny* described the wartime U.S. Navy. Even then the phrase equally fitted many other organisations, private and public, throughout the world.

They multiplied post-war. Whether or not top executives viewed themselves as geniuses, they increasingly withdrew power over how a job was done from the person doing it. Instead decisions were made and handed down to the workplace by a complex machine of procedures, planners and above all committees. Bureaucratic management was the vogue.

Its prime theoretical advocate was Max Weber, the German sociologist. He saw bureaucracy as "rational and impersonal", and so the best possible managerial form. Practical endorsement came from the efficiency of central planning and the fragmenting of work into simple repetitive tasks in achieving mass production.

It now seems that the trend may be reversing in the private sectors of industrially advanced western countries. One reason may be that they have a cost disadvantage in mass production (perhaps partly, as the E.U. unions claim, because their citizens resent stupefying jobs) and are turning to batch production requiring more flexibility.

Another reason may be that, far from proving essentially rational and impersonal, bureaucratic management has become linked with effects so daft and persistent that they are enshrined in quasi-sociological laws.

One is Parkinson's Law: Work expands to fill the time available and staff increase independently of output. A corollary is that a superior's importance grows with the number of subordinates. There is also the Peter Principle: Promotion procedures tend to ensure that staff do their most crucial work at a level beyond their competence. Another is Harvey's Abilene Paradox: People in committees tend to agree on decisions which as individuals they know are wrong.

Such quirks may explain the liability of bureaucracy measures not just to fail but also, when they do, to be superseded by still greater elaborations.

An instance is the procedure for training teachers. Its failure is shown by the many state schools unable to offer a full curriculum because their teachers either lack the necessary subject knowledge or are inexperienced. The Education Department therefore plans to make the procedure more complex. There will be extra vetting of trainees. The successful will no longer be certified to teach in any capacity, but only in specified subjects and at particular stages such as primary schooling. The new rules are meant to be applied flexibly.

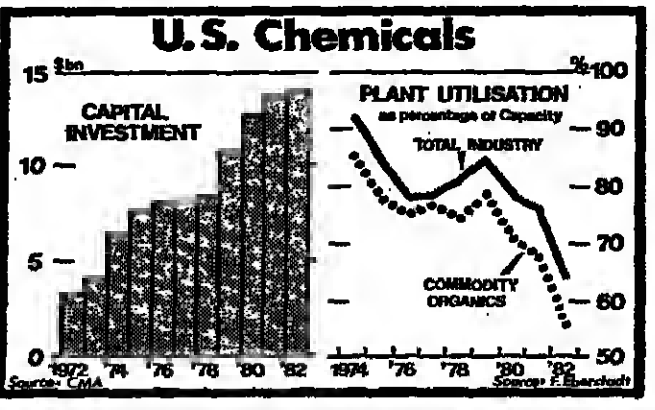
The trouble is that the top of the educational machine cannot ensure that the rules will be used flexibly by the local authorities legally responsible to the Education Department for running schools. Local authorities may well think it prudent to forbid teachers officially certified for only limited duties to equip themselves unofficially for a wider range. The result could be that still fewer schools can offer a full curriculum.

A less cumbersome remedy would be to hand down, not extra procedures, but more power. Head teachers could be authorised to dismiss incompetent and promote the competent, financing their further training from an enlarged school budget. Officials directly supervising several heads could be given similar powers over them and so on.

But that would mean making the heads and successive tiers of officials accountable for bad results with their jobs—which, to the public bureaucracy at least, is evidently unthinkable.

For example, the recent review of recruitment for the senior Civil Service says the cost, at about £11,000 per recruit, is higher than in the private sector. But since the recruits go on to oversee career earnings representing a capital value of £430,000, the report adds, heavy speeding on selection is better than the risk of saddling the service with more highly paid duds than it has now.

The idea of sacking duds instead of going on paying them is nowhere mentioned.



Letters to the Editor

Guerrilla warfare within the House of Fraser

From Mr C. Whitney
Sir,—It was as a custodian trustee that I was first made aware of the guerrilla warfare within the House of Fraser. Having received seven mailings in the past fortnight as a small shareholder, probably the most numerous category, I raise a flag of truce to ask some questions.

Article 95 states: "Questions arising at any meeting (of directors) shall be determined by a majority of votes." Is Louro — for from my observations and inquiries it appears it may be funding the campaign of the minority directors — aware of this article?

What is the force of the proposed resolution, won or lost, at the EGM? Article 106 states in usual form: "The business of the company shall be managed by the directors who may exercise all such powers."

In 1970 it was stated: "A company cannot by ordinary resolution dictate to or overrule the directors in respect of matters entrusted to them by the articles." [1970] Ch.212 per Ploymann J. at 220. In 1975 it was stated: "the directors, and no one else, are responsible for the management of the company, except in matters specifically allotted to the company in general meeting." [1975] 1 W.L.R. 673, H.L.S. per Lord Kilbrandon at 683.

I have searched the articles of subsidiaries (which mortgage interest and life assurance "relief" now are). It should have asked what particular structure of income tax rates and allowances would have given the same yield to the shareholder, with minimum tax to individuals' total payroll deductions, as is now obtained from Schedule E income tax and employees' NIC excepted.

Financing in the for-profit market
From the Manager, Scandinavian House
Sir,—I refer to the article headed "Forfeiting has its advantages" in the survey on small business" (May 3).

In such a short article, the principles and benefits of forfeiting were well detailed. I contained, however, a quotation from a banker: "I don't care if you want to buy sugar over five years," which suggested that normal prudent banking procedures do not apply to forfeiting. A request for the financing of commodities over such a long period would suggest either a buyer or his country with liquidity problems and despite the flexibility of the for-profit market, most forfeiters would shun such a transaction.

The usual period for the financing in the for-profit market of exports of commodities is six months, maximum of 12 months, with five years' credit being the preserve of capital equipment sales.

J. M. Bradbury
Scandinavian House,
2-6, Cannon Street, EC4.

A superannuation fund
From Mr E. Whiting
Sir,—According to Samuel Brittan's account ("The tax-income nightmare"—April 28) the Commons Treasury Committee was asking the wrong question when it asked the Treasury to produce a radical scheme for combined national insurance contribution and income tax without allowances

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and see no need for a vote of confidence! If Louro has merit in its case the only proper and effective solution is the removal of some or all of the directors.

For myself the behaviour of the minority directors leaves one conclusion: "Louro get your mud-butt campment out from the portals of the House of Fraser." Who will pay my fare and hotel expenses to Glasgow to proclaim the plight of the small shareholder who, not unreasonably, expects the affairs of the company to be conducted according to the articles?

Christopher J. Whitney, MBIM,
Stone Cottage, Oldstone,
Founthope, Hereford.

monthly to the NSF in the same way.

The NSF could also take charge of all on-vested and paid-up guaranteed minimum pensions, so that contracted-out members working fully qualified members. The details would need much study, but the way could be open to considerable simplification and greater understanding if pensions were divorced from national insurance — indeed, if national insurance completely disappeared. Employee contributions to the NSF could become tax deductible, as are all other pension contributions, removing the anomaly caused by state scheme pension contributions being part of NIC.

The only problem is how to distribute the benefits of this merger equitably.

Edwin Whiting,
Manchester Business School,
Booth Street West, Manchester.

Profiling a company
From Mr M. White
Sir,—I can confirm Mr Curran's suspicion (April 26) that the fiscal representation of corporate financial information is not novel. The basic technique was developed by Herman Chaffetz of Massachusetts Institute of Technology in 1973, and used by Professors David Huff (University of Texas), William Black (University of Arizona) and Wiley Mahajan (Wharton School, University of Pennsylvania) in a project dating from 1980.

Martin S. White,
Butterworth and Co.
(Publishers),
85, Kingway, WC2.

Underwriting at Lloyd's

From Mr J. Burrows
Sir,—Lloyd's members who have read part 1 of the report on ownership and control of underwriting agencies, which is to be considered by Lloyd's council shortly, must surely be led to the conclusion that since the purpose of these agencies is to serve members, then members should own the agencies exclusively in proportion to their underwriting activity within the agency. If their value is indeed £100m as was suggested to Parliament, the average cost for each of the 20,000 names would be only £5,000.

This however is dismissed by the report because "such a call for such an upheaval, with its consequential effect" — "When would underwriting agencies be able to pay for their underwriting activity within the agency? If their value is indeed £100m as was suggested to Parliament, the average cost for each of the 20,000 names would be only £5,000."

In a market that is accepting more unprofitable business than the capital backing can support, presumably to insure the continued profitability of the agency, the recruiting of new members by the agency, is undesirable.

By means of computerisation, the administration and servicing of existing names could be carried out by a direct self-regulating role between the Corporation of Lloyd's and the syndicates which they control. Agencies would then become irrelevant and the underwriter reverts to his historic role of accepting risk and managing his own underwriting syndicate.

The Lloyd's broker will gain freedom to act in his professional capacity as agent to the insured, arranging insurances on his behalf as favourably as possible consistent with adequate security. To carry out such a duty he should neither seek, nor indeed wish to have, any financial stake in any agency through which the insurances are effected, to avoid conflict of interest.

This would achieve true divestment, agreed upon by the membership of Lloyd's at the request of Parliament and now enacted.

J.D. Burrows,
Coppold,
Bury,
Pulborough,
W. Sussex.

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Friday May 6 1983



NEW AGREEMENT WILL STEP UP COMPETITION WITH UK

French in China N-stations deal

BY MARK BAKER IN PEKING

COMPETITION between France and Britain for a share of the \$60m Guangdong nuclear power station is certain to increase following the signing in Peking yesterday of a memorandum of understanding ensuring a substantial participation by France in the Chinese project.

President François Mitterrand, on a state visit to China, told a press conference that China appeared close to buying four nuclear reactors from France.

Senior French officials added that negotiations indicated that contracts for non-nuclear sections of the power station would be shared between French and British companies.

GEC was thought certain to supply turbines and other non-nuclear technology to the project as a result of a British Department of Industry memorandum of understanding signed with the Chinese in late March. GEC's competition for the turbines is Alsthom-Atlantique. Of

officials of the French company are understood to have arrived in Peking last week to discuss another project in Shanghai.

The French claim was greeted with scepticism by British officials. One said: "We are not aware of any serious proposal of this nature and we still believe the Chinese are seriously considering signing contracts with GEC."

Under the French memorandum, France will supply the nuclear technology for Guangdong and a second power station expected to be built in the northern province of Liaoning.

It was not certain whether the memorandum included non-nuclear aspects of the project.

A French official said it had been agreed that China would pay for the technology through a mixture of cash and preferential French loans. The 1800 MW plant, one of the largest industrial projects in China, will

supply a large part of its output to Hong Kong.

President Mitterrand also confirmed that China had not yet taken up proposals to buy French Mirage 2000 fighter aircraft. The Chinese Premier, Zhao Ziyang added that Mirages were "very expensive and perhaps China will not be able to buy any."

The French leader also said France was likely to supply TV equipment to China and a Chinese delegation would visit France to inspect telecommunications equipment.

On the diplomatic front, Mitterrand rejected an appeal from China to step up the pressure on Vietnam over Kampuchea. Mitterrand said France was not prepared to take the role of a diplomat mediator, to recognise the Chinese-backed Kampuchea guerrilla coalition or to sever its friendly relationship with Hanoi.

He indicated that France's position was influenced by dissatisfaction with the strength of the coalition and its fears of a return to power of the murderous Khmer Rouge forces. "France is not prepared to substitute itself for the Kampuchean people," Mitterrand said.

He said that France agreed with China that the Vietnamese forces should withdraw from Kampuchea and that the Kampuchean people should regain the right to self-determination, but it was not prepared to adopt any new role. Zhao said yesterday that he wanted France to use its historical and cultural ties in Indochina as part of a renewed effort to influence the Vietnamese.

France's rejection of the Chinese overtures is a significant rebuff, particularly as it is believed that China's most senior leader, Deng Xiaoping, also took up the proposal of a joint French-Chinese effort on Kampuchea in his meeting with President Mitterrand.

Fiat in talks to lift stake in Snia

By Rupert Cornwell in Rome

FIAT, Italy's largest industrial group, is believed to be negotiating to acquire a dominant shareholding in Snia Viscosa, the leading Italian textile and armaments company.

The first clues of a possible deal came last week with unusually heavy trading in Snia shares on the Milan bourse, ahead of an already announced capital increase by the group to L262.8m (\$180.4m) from L137m. Yesterday neither company denied the reports.

Snia is controlled by a variety of shareholders, notably the Montedison chemical concern, which owns 15.7 per cent, Mediobanca, the state-owned merchant bank, with 14.4 per cent, and Fiat itself, through the Smei financial company, with almost 8 per cent.

The rumours suggest that Montedison, and possibly Mediobanca, would not subscribe to the capital increase, allowing Fiat to do so in their place.

Possibly the Turin concern might also purchase some of the shares already held by Montedison and Mediobanca. This would leave Fiat with at least 20 per cent, and possibly 30 per cent or more of Snia.

The main appeal of Snia to Fiat would seem to be its expanding and highly profitable military business, a field where the latter is also active.

In 1982, Snia achieved sales of L1,530m, of which arms accounted for 40 per cent.

The planned capital increase - whoever subscribes to it - will be a key part of its drive to increase its own resources and reduce its reliance on costly bank borrowing for working capital.

The increase in staff costs has been kept below 10 per cent. But other overheads have risen sharply and the group must be anxious to realise some of the much vaunted benefits of integrating its two major banks before the gap between its costs and its interest income shrinks further. The Royal Bank's half-year figures have recently been a quibbling guide to its full-year performance, so perhaps the 7 per cent increase in the dividend, to give a prospective 8.4 per cent yield, portends a recovery despite the odds.

Israel thought likely to agree pullback

Continued from Page 1

The details of the draft agreement have not yet been made public, but the broad outlines have emerged.

● A special security zone would be established in Lebanon up to 45km north of the Israeli border, designed to prevent PLO guerrillas from getting within striking distance of Israel.

● Major Haddad and his Israeli-backed militia would continue to have a role in southern Lebanon, but he would not be in overall command, as Israeli had originally demanded.

● The Unifil forces would not play a direct role in maintaining security in the buffer zone, but U.S. forces might help protect the Palestinian refugee camps in that area and police the area of Lebanon north of the Israeli security line.

● Some Israeli troops would participate in joint patrols across the border with Lebanese army forces. There was still some confusion last night over the powers of the Israeli soldiers to hunt down and fire at Palestinian guerrillas if they infiltrated into the security zone.

● Within six months of the Israeli withdrawal, talks would be held on the normalisation of relations between Lebanon and Israel, with particular reference to the passage of goods and people across the border.

● Israel would continue to maintain the "liaison office" set up in a Beirut suburb after last year's invasion, but Lebanon would not be committed to opening a parallel office in Tel Aviv.

● The agreement would also include a formal Lebanese commitment to ending the state of war with Israel.

Lorho victory 'is in sight'

By John Moore in London

LORHO, the largest shareholder in Britain's House of Fraser group, could be on the point of winning its battle to force the Fraser empire to separate its major department store, Harrods of Knightsbridge, from the rest of the group.

That was the prediction last night of major institutional shareholders ahead of today's public confrontation between Lorho and House of Fraser over the future of Harrods at an extraordinary meeting of Fraser's shareholders in Glasgow.

Shareholders are to be asked today to support the Fraser board in its fight against Lorho, which is seeking to force Fraser to float off Harrods in a demerger plan. The resolution asks shareholders to accept the board's recommendation "that Harrods should remain within the House of Fraser group" and endorse their confidence in the board.

Lorho has a considerable advantage over Fraser in terms of votes.

THE LEX COLUMN

Back to basics at Royal Bank

The Government's idea of planting red and blue hedges all the way round the gilt-edged market has been well received. Yesterday, tenders for the convertible index-linked stock were accepted at prices of 97.50 and above, at which level perhaps half the £1bn offer was allotted.

Bank of Scotland

As other companies still dart and dodge to avoid the wayward missiles of current competition policy, it was yesterday the turn of the Royal Bank of Scotland Group to report on its progress so far through the first financial year since it emerged from the fray.

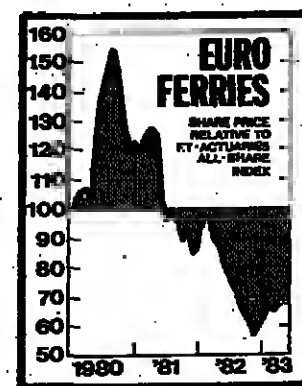
Pre-tax profits are down 28 per cent to £30.9m in the six months to March. The group's management was last year welcoming the chance to concentrate on its internal development, free of merger speculation. But the latest results, which knocked the shares down 13p to 124p, suggest other reasons for welcoming management's full attention to internal affairs.

Another jump in the bad-debt provision from £14.2m to £24.5m reflects a particularly difficult second quarter. Beyond this, though, is a decline in the group's underlying profitability. The group's increasing reliance on wholesale funds, which now account for 45-50 per cent of the total funding base, has left lending margins badly squeezed by inter-bank rates fluctuating at a significant margin above base rate. Net interest income is virtually unchanged despite a 24 per cent gain in total banking assets.

The increase in staff costs has been kept below 10 per cent. But other overheads have risen sharply and the group must be anxious to realise some of the much vaunted benefits of integrating its two major banks before the gap between its costs and its interest income shrinks further. The Royal Bank's half-year figures have recently been a quibbling guide to its full-year performance, so perhaps the 7 per cent increase in the dividend, to give a prospective 8.4 per cent yield, portends a recovery despite the odds.

Liffe

The Inland Revenue's decision to climb off the fence and give the pension funds exemption in the financial futures market comparable to what they enjoy elsewhere will



give a timely boost to Liffe. No one expects business to take off immediately as a result - even after the legislation goes through, trustees in many funds may take time to be convinced. But the legislation will give official respectability to the futures concept, and if the pension funds arrive in any force, the market should become liquid enough to persuade many companies now standing on the brink to take the plunge.

The pension funds themselves will presumably find the long-gilt-edged contract the one most suited to their needs. Liffe provides the opportunity to hedge their exposure to long-dated gilts more cheaply than can be achieved in the cash market. But the possibilities of arbitrage between the cash and the futures market may be circumscribed given that the funds have presumably hedged purposes.

News International

The free equity of News International has been rated as one of the most bizarre classes of security on the stock market ever since Mr Rupert Murdoch organised his controversial scheme of arrangement for the company three years ago. Holders have been locked into a minority, without voting rights, depending for their dividends on the fortunes of the parent News Corporation, and the vagaries of the exchange rate between sterling and the Australian dollar.

So News Corp's proposal to tidy up this arrangement by buying out the minority has much to recommend it. Existing shareholders will presumably be satisfied with the offer of 25p per share, which is more than double the figure News Corp was prepared to pay three years

ago and represents a premium of 28.6 per cent over Wednesday's closing price.

It appears, however, that News Corp had been buying heavily in the market even before yesterday's announced purchases. Its holding of non-voting equity was shown as 53.85 per cent in the accounts for the year ending last June. Since then, it has quietly picked up another 12 1/2 per cent. As these are non-voting shares, News was not required to notify its activity but this will be small consolation to anyone who sold in the market unaware that a formal offer might be in the pipeline. News International is now the cash cow of the Murdoch farm and, as News Corp is certainly aware, could give birth to the golden calf if ever Reuters were projected into the stock market.

European Ferries

The end of the cross-Channel prices war arrived just in time last year to balance the deterioration in European Ferries' property division. On the passenger lines prices rose about 12 per cent, and with volume up 10 per cent the shipping division steamed to a £12.5m post-interest profit against only £1.9m in 1981.

The property interests, however, produced an equally abrupt turn round in the opposite direction. The newly acquired U.S. business contributed virtually nothing, and the division was mainly kept afloat by a £4.5m contribution from the Singer and Friedlander bank.

Moving ahead serenely alongside these volatile partners, the Felixstowe docks managed, as usual, to produce some impressive growth figures - profits rose 37 per cent to £2.5m, helping the group to an overall 12 per cent increase in pre-tax profits at £30.7m. The market, however, appears to have been more intent on the variability of the performance elsewhere, marking the shares down 3p to 73p, where they yield all of 6.6 per cent after the dividend increase.

The property diversification into the U.S. has certainly not helped the rating, particularly since it has meant issuing 35m shares which, while under trading restrictions at present, overhang the future market. Even so, given reasonably calm waters in the Channel this year, the group should be capable of about £5m without any windfall from the property side.

State set to take over Spanish power grid

By David White in Madrid

THE SPANISH government has reached agreement with the country's main private electrical utilities for the takeover of the high-voltage power grid, the centralisation project in the socialist party's election programme.

The agreement between Sr Carlos Solchaga, the industry and energy minister, and the utilities' Unesa federation is linked to a promise of a new price-fixing system, amid concern about the companies' heavy indebtedness, particularly in foreign currencies.

State control, through a majority government stake in a mixed company, is to become effective by the end of this year. The initial agreement makes clear that this is the only nationalisation planned for the sector.

The declared aim of the measure to its "optimise" the electrical production and transport network. The utilities, which are to finalise the agreement in the next few days, will pay fees to use the grid.

Reform of electricity prices is to be decided on after audits of the companies have been completed.

To facilitate their operations, the ministry has promised to authorise the start-up of three new nuclear reactors, two at Almaraz over the Portuguese border and one at Asco in Catalonia, "as soon as possible."

The government's revision of energy plans is expected to lead to the reduction or freezing of the so-called third generation of nuclear plants because of the downscaling of forecast energy needs.

Mauroy takes firm stance on inflation

Continued from Page 1

M Mauroy said yesterday that if the dollar had been less strong the task would be easier. "But I will not accept any drift - even in a storm."

He gave no indication of what further measures the Government had in mind, except to rule out a further prices and incomes freeze. It is thought likely, however, that price controls may be strengthened. There is also pressure within the Socialist party for it to directly limit imports.

M Mauroy blamed the speculation against the franc in the past two days on the rise in interest rates in the Netherlands, which has contributed to the strengthening of the D-Mark. The franc rose marginally against the German currency yesterday to Ffr 3.018. The Bank of France intervened for small amounts and is seen to be defending the franc around that rate.

Hoesch shows DM 19.5m profit after sharp reduction in costs

BY JAMES BUCHAN IN DORTMUND

HOESCH, West Germany's fourth-largest steelmaker, enjoyed a dramatic recovery in earnings last year and is better placed financially to pass through what it expects to be a difficult 1983.

Reporting for the first time separately from the transnational Estel concern, the merger with Hoogovens of the Netherlands that was formally dissolved last October, Hoesch booked a DM 19.5m (\$8m) net profit in calendar 1982 in a sharp turnaround from the losses of DM 397m reckoned for the Hoesch-Werk elements of Estel in 1981.

Herr Haro Brahms, Hoesch board member, said the result was remarkable in that, unlike most of its competitors, Hoesch covered the dismal fourth quarter of 1982 in its business year.

As a result of the market downturn in the second half of last year, sales revenues outside the group

fell by 8.8 per cent to DM 7,440m, with sales of rolled steel down more than 1m tonnes to 3.6m tonnes. The sole reason for the improved result, Herr Brahms said, was the sharper cuts in costs in 1982.

In the course of the year, the workforce was cut by 3,500 to 38,200, with a drop of DM 200m in personnel costs. The halt to deliveries of half-finished steel from Hoogovens, at levels Hoesch could no longer absorb, limited growth in material costs, while lower interest rates helped to temper the additional burden of the liabilities taken over from Estel.

Herr Brahms said that all divisions of the concern, including steel making, had moved back into profit into March, but that the first quarter would still show a loss. A dividend for 1982 remained out of the question, Herr Brahms said.

At the same time, Herr Brahms said there had been a "strong improvement" in the company's half-year sheet with its equity ratio up from a floor of 11 per cent at the close of 1981 to 18 per cent at the end of last year and a reduction of the debt burden by DM 388m.

Hoesch executives cannot conceal their relief that the Estel break-up has turned out so well. The sole remaining point at issue, Hoogovens' demand that it take over an extra 318,000 tonnes from Estel's quota, has been settled by Brussels in Hoesch's favour.

The company announced that, with the dissolution of Estel, the need for two separate companies - Hoesch, which owned 50 per cent of Estel, and Hoesch-Werke, the operating company itself held by Estel - no longer existed and the concerns would be amalgamated.

Hoogovens results, Page 21

French Government takes over debt of PUK chemical division

BY DAVID MARSH IN PARIS

THE FRENCH government has put the finishing touches to the long-awaited restructuring of the country's fragmented and loss-ridden chemicals industry, involving the shedding of around 1,900 jobs and a capital injection of Ffr 3bn (\$400m) into the largely nationalised sector.

Under an agreement announced yesterday, the troubled chemicals division of state-owned industrial group Pechiney Ugine Kuhlmann (PUK) is to be divided-up among other government-controlled companies led by Elf Aquitaine, Rhone-Poulenc, C&F-Chimie, the chemicals subsidiary of the national coal board.

The outlines of the plan - under discussion since the Socialist government came to power two years ago - were announced last November, but application has been held up by prolonged negotiations over the financial and employment consequences.

As expected, the government has now decided to take over the accumulated debts of the Pechiney divi-

sion. Produits Chimiques Ugine Kuhlmann (PUK), by absorbing half of a Ffr 3bn capital increase for the company over the next two years.

PUK will subscribe the other half of the increase. But as PUK is itself in financial difficulties - it is believed to have lost around Ffr 3bn last year - the government will be providing the funds for its contribution.

The overall 1,900 job losses are expected to be in two stages. The first batch of 1,100 will take place up to the end of the year as the new chemicals structure is put into place. A further total of nearly 800 jobs are expected to be shed up to the end of 1986.

PUK said yesterday a social plan would be worked out to soften the consequences of redundancies, with some workers being reclassified into other jobs. The scale of the job cuts - which will reduce the present PUK workforce by about a sixth over the next three years - underlines the tougher action the

government is now taking to cut back loss-making areas of publicly owned industry.

Apart from further job losses in steel, other redundancy programmes have recently been announced in the Manurhin engineering subsidiary of the state-controlled Matra group and in the Boussac Saint Freres textile company, which is indirectly owned by the state.

As announced last November, Elf Aquitaine is to take over PUK's halogen activities. The oil group, which is negotiating about taking full control of the Ato and Chlo chemicals companies it owns at present jointly with Total, will thus become France's premier chemical company.

Rhone-Poulenc, which is divesting itself of its fertiliser activities under another government-sponsored plan, is taking over PUK's pharmaceutical, agro-chemical and inorganic business, while C&F-Chimie will absorb the organic side and plastics.

Le Nickel aid plan nears approval

BY OUR PARIS STAFF

SOCIÉTÉ Le Nickel, the ailing New Caledonian nickel-mining company, is expected to benefit soon from a government-sponsored support package totalling more than Ffr 1.4bn (\$188.7m) to restore its fortunes after losses of more than Ffr 850m last year.

The rescue plan, involving a reorganisation of state shareholdings in the group, a large capital increase and a debt restructuring agreement with the banks, has been under negotiation for several months.

Announcement of an accord is expected shortly, possibly within the next few days, according to officials in Paris.

Under the Government's plan, that state energy and mining holding company Erap is to take a 70 per cent stake in Le Nickel and put up fresh funds of Ffr 350m.

The two existing shareholders, the state-controlled oil group Elf Aquitaine and mineral holding company Imetal, which own 50 per cent

each, will reduce their stakes to 15 per cent.

Each will put up Ffr 200m in the form of new capital or assumption of Le Nickel debts.

Talks are also going on with a banking consortium led by Banque Nationale de Paris and Européenne de Banque (the former Rothschild bank) on a plan to lengthen the maturity of Ffr 700m of Le Nickel's Ffr 2.5bn debts.

Imetal has announced losses of Ffr 650m for 1982

Kemira plans UK plant

BY CARLA RAPPOPORT IN LONDON

KEMIRA, Finland's large chemical and fertiliser group, is planning to build a \$237m ammonia complex to boost its position in the hotly competitive European fertiliser market and reduce its ammonia imports from the Soviet Union.

The most likely location for the complex is England or Scotland, provided the state-owned Finnish company can negotiate a favourable natural gas contract with British Gas. Finland and the Netherlands are also under consideration, but a Finnish plant would probably use an alternative feedstock, such as peat, because of the high cost of importing natural gas.

The new complex, which is expected to be approved in the next few months, will have a capacity of about 400,000 tonnes of ammonia a year. The plant is also expected to include ammonium nitrate or urea production facilities. Both these products are used in the manufacture of fertilisers.

Kemira's ammonia production is currently running at some 100,000 tonnes a year, with imports of ammonia - much of which is bought from the Soviet Union - running at around 1200 tonnes a day.

The Finnish group recently bought L. & K. Fertilisers, a small UK company, with a view to expanding its presence in Britain.

World Weather

Area	Temp	Wind	Area	Temp	Wind
Amsterdam	10	10	London	10	10
Antwerp	10	10	Madrid	10	10
Barcelona	10	10	Munich	10	10
Berlin	10	10	Nuremberg	10	10
Bombay	10	10	Paris	10	10
Buenos Aires	10	10	Rome	10	10
Calcutta	10	10	Stockholm	10	10
Canton	10	10	Switzerland	10	10
Cebu	10	10	Tokyo	10	10
Colon	10	10	Yokohama	10	10
Hankow	10	10			
Hong Kong	10	10			
Kobe	10	10			
London	10	10			
Lyons	10	10			
Manila	10	10			
Medan	10	10			
Osaka	10	10			
Shanghai	10	10			
Singapore	10	10			
Sourabaya	10	10			
Taipei	10	10			
Tientsin	10	10			
Yokohama	10	10			

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INTERNATIONAL COMPANIES and FINANCE

Advance in earnings for Tiger Oats

By Bernard Simon in Johannesburg

TIGER OATS, the South African food producer, lifted attributable profits to R27.1m (\$25m) in the six months to March 31 from R26.1m in the immediately previous half year. Figures for the half year to March 1982 were not published because of a change to the company's financial year.

Operating income rose to R62.5m from R59.5m and turnover to R947m from R938m.

The group, which was taken over last year by C. G. Smith, a Barlow Rand subsidiary, has declared an interim dividend of 50 cents a share. Mr. Rudi Frankel, Tiger's chairman, forecast a dividend of not less than 75 cents for the year as a whole. He said the halving of South Africa's maize crop this year as a result of the drought will reduce earnings of the group's milling and export divisions. Tiger's other activities include vegetable oil processing, baking, egg and chicken farming, fishing, and pharmaceuticals.

Meanwhile, shareholders in Tiger Oats's fishing subsidiaries are to be offered special dividends, returns of capital and, in the case of United Oceans Holdings, the purchase of their shares.

According to Tiger Oats, its incorporation into Barlow Rand has reduced the potential scope for diversification by two fishing subsidiaries, Sea Products and Lamberts Bay Holdings.

HK shipping groups look to long term for recovery

BY ANDREW FISHER IN HONG KONG

THE AVERAGE Hong Kong ship owner is professionally cautious, financially conservative, and not given to gambling with assets.

This may not make for much corporate excitement, though there has been some in the Colony's shipping sector, but it has meant that Hong Kong shipping companies have come down in the worst ever recession in the industry a lot less shaken than some of their rivals around the world.

Because of its size, the way big companies disclose only those financial details they care to, and the intermingling of private and quoted interests, shipping is not one of the hot investment topics in Hong Kong.

Two exceptions, however, are Grand Marine Holdings, part of the ill-starred Carrian group, and Wheelock Maritime, which is part of Wheelock Marden and is expected to report poor figures for 1982.

The results just released by two of the biggest groups show how bland shipping accounts here can be. Wah Kwong, the third-largest Hong Kong shipping company with a fleet of over 3m dwt, announced net profits for 1982 of HK\$167m (US\$23m), exactly as forecast and just 9 per cent up on 1981.

Orient Overseas (Holdings), which is controlled by the Tung family and spans ships, container terminals, offshore activities, and transport—it owns Furness Withy of the UK—turned in an equally unexciting

result, this time slightly lower with a 4.5 per cent drop to HK\$166m.

The brilliant Mr. Frank Chao, head of Wah Kwong's shipping side stopped placing the orders around two years ago, as did the other big owners. "Unless I find a cargo, I won't build a new ship."

Wah Kwong's fleet is predominantly in bulk carriers. The company goes for five-year charters to provide enough security and to prevent ships from being locked into contracts for too long.

Some bankers and shipping experts reckon that the traditional Hong Kong practice of arranging secure charters will not prove as easy in the future. More joint ventures with European and other shipping companies are seen likely.

The Tung fleet, which exceeds 5m dwt, is weighted more towards the liner sector, with containerised cargo carried on scheduled routes. World International, the biggest shipping company in the Colony with just over 10m dwt, has about half its fleet in tankers and most of the rest in dry cargo vessels.

World International's interim profits were 30 per cent lower at the level attributable to shareholders after extraordinary debits. The profit was HK\$224m. Dr. Helmut Schöner, a World director and son-in-law of chairman Sir Y. K. Pao, said the full results for the year to March 31, 1983, would be "not unattractive."

None of the three shipping majors in Hong Kong is overly hopeful about the outlook for the industry. Mr. Chao reckons that recent new large orders placed by U.S. and Japanese companies could delay recovery in the liner and bulk carrier sectors.

Dr. Schöner also reckoned there was too much shipbuilding capacity "this malis may go on for quite a long time" he said of the shipping industry's woes.

As the group's big tankers have come off charter, many of them have been simply scrapped. "The recovery is not going to come all that promptly," he added.

Orient Overseas was given a big asset injection by the Tung family late last year which was aimed at strengthening the company and broadening its spread. The group is now hoping that the worst of the shipping crisis is over. Mr. M. H. Leung, executive director of Island Navigation, one of the Tung companies, thought the second half of 1983 might show more improvements in the market. But it would take longer for a real return.

The recovery so far this year in ship prices and freight rates has benefited Grand Marine Holdings, which was boosted into the position of the colony's fourth largest fleet by the acquisition of Carrian. But its fleet is now being parcelled off to various buyers to bring down its debts.

Bond bids for rest of Pacific Copper

By Lachlan Drummond in Sydney

MR. ALAN BOND'S Bond Corporation Holdings picked up a further 25.5 per cent of Pacific Copper, the coal miners, yesterday, after launching an on-market bid for the 30 per cent of shares not owned. The bid values Pacific at around A\$18m (US\$15.7m).

After starting at A\$1.05, Bond was bid up to \$1.15 in its buying before an unknown group stepped in late at \$1.30 per share, to win almost 1 per cent of Pacific.

If successful, Bond will bring its ownership into line with its board control of Pacific, where it has five out of the six directors—despite staunch attempts by shareholders to dilute its control at Pacific's AGM last year.

The major beneficiaries of the A\$4.5m buying spree were Jensen Investment and Western Residential, which bought stakes of almost 10 per cent at 67 cents a share shortly before last year's meeting.

The offer follows six months of negotiations with the National Companies and Securities Commission about a buy-out of the two companies. Bond also faced a shareholder revolt over plans by the 39 per cent owned Endeavour Resources—to sell a colliery to Pacific for A\$25m, a proposal eventually turned down by Pacific's sole independent director.

AGC increases dividend despite drop in profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIAN Guarantee Corporation, the country's largest finance company, suffered an 8 per cent fall in net profits for the six months to March 31 to A\$41.6m (US\$36.2m).

AGC, which is a subsidiary of Westpac, Australia's biggest bank, has raised its interim dividend from 5 cents a share to 5.5 cents, even though it faces a fall in full-year profits for the first time in 22 years.

Earlier this month, Australia's new Labor Government won a commitment by employers to an unspecified period of "voluntary" wage restraint in return for union promises not to seek an immediate return to real wages growth.

"If existing conditions con-

tinued," said AGC, "operating profit for the second half is expected to approximate the level achieved in the first half." This would produce a full-year profit of about A\$82m, against the A\$86.2m of the year to last September.

Net receivables rose by 8.4 per cent to A\$3.6m in the six months, while investment income advanced by 14 per cent, to A\$51m.

The main reason for the lower profits was a far smaller contribution from direct property development, which boosted profits last time. Also provisions for bad and doubtful debt almost trebled.

Tax was lower, at A\$35.3m against A\$44.5m, while depreciation charges rose from A\$1.9m to A\$2.2m.

Expansion at National Bank of Abu Dhabi

By Angela Dixon in Abu Dhabi

THE NATIONAL BANK OF Abu Dhabi has announced profits for 1982 of DH 198m (\$54m) against DH 85m in 1981, an increase of over 130 per cent. The bank's balance sheet grew to \$6.4m from \$6.18m in 1981, and it thus easily maintained its position at the head of the league of UAE banks. In December 1981, the bank raised its authorised capital from \$37.2m to \$272m, and the effects of this were felt throughout the year.

At a recent board meeting, a bonus share issue of \$27.2m was proposed for May 9, which will bring the bank's paid-up capital to \$217.6m.

A subordinated loan of \$200m from the majority shareholder, Abu Dhabi Investment Authority, which was due to mature in 1984, was repaid in late 1982.

The bank has recently become very active in the floating interest rate market and its certificates of deposit business grew by 141 per cent in 1982. It has 34 branches in the Emirates, and 17 abroad.

Mixed results within Straits Times group

By George Lee in Singapore

TODAY Publishing Berhad, the major Singapore publishing group, has reported lower profits for the half year to February, 1983, but its sister company, the Straits Times Press (1973) (STP), managed to turn out higher earnings.

Group pre-tax profit at Times Publishing fell by 7.5 per cent to S\$26.3m (US\$12.5m). Turnover was marginally higher at S\$233m, but trading profits were 6.2 per cent lower at S\$24.7m and investment income was little changed at S\$1.48m.

The group has declared an unchanged interim dividend of 7 cents gross per share.

STP which publishes Singapore's main daily newspaper, The Straits Times, reported a 13 per cent rise in group pre-tax profits to S\$14.4m. Group turnover rose 5.3 per cent to S\$94m and trading profits increased by 20.3 per cent to S\$12.96m, but investment income fell from S\$1.9m to S\$1.4m.

STP has maintained its interim gross dividend at 5 cents per share.

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The Fläkt Group was able to maintain earnings in 1982 on largely the same level as in 1981, despite the international recession, a weak investment climate and exchange losses caused by the devaluation of the Swedish krona.

The year was highlighted by a number of sales achievements and continuing technical progress. In the air pollution control field, Fläkt Inc., the subsidiary in the United States, won the largest order in Group history—a contract worth USD 70 M for Fläkt's dry flue-gas cleaning and desulphurization (FGD) system for coal-fired power stations. The first such FGD installation in Europe was also placed successfully in service in Sweden. Notable sales were also achieved in Europe and the U.S. for Fläkt's paint finishing systems for the automotive industry.

To meet the growing market for variable-air-volume (VAV) ventilation systems, Fläkt further refined its energy-saving OPTIVENT system by introducing a new generation of equipment incorporating advanced technology for pneumatic and electronic control. Exports of heating, ventilation and air conditioning systems also rose, especially for Fläkt's KLIMATOR KDA central air handling unit and DIRIVENT industrial ventilation system.

During the year, other technical advances were registered. Fläkt launched an improved lumber drying technique utilizing heat pumps and microprocessor control. A new application for the Group's separation technology was also introduced—the removal of combustible material from industrial refuse. The recovered material is fired as alternative fuel in incineration plants.

The Group's service and maintenance activities in the Nordic countries and Europe also showed favorable growth in 1982. New units were started in the U.S. and

Mexico, and Fläkt's remote-controlled system for monitoring equipment installations in industry and buildings met with increasing interest. In the Far East, the wholly owned Gadelius Group won several significant orders from coal-fired utilities for rotary heat exchangers and fly ash handling.

For 1983, Fläkt Group earnings are expected to be well in line with 1982 results. If you would like to know more about one of the leading companies in air process technology and its potential for future growth—why not write for a copy of Fläkt's 1982 annual report. A request to our head office, or to our local company below, will receive prompt attention.

ANNUAL REPORT HIGHLIGHTS

(GBP millions, except per share data)

INCOME DATA	1982	1981
Sales	593.6	504.3
Earnings before special adjustments and taxes	17.5	17.3
Taxes	6.9	7.2
Reported net earnings	5.5	2.7
Adjusted net earnings	7.4	7.3
Per share	1.67	1.64
OTHER DATA		
Order bookings	636.9	540.3
Order backlog at year-end	594.0	486.0
Investments in property, plant and equipment	14.2	17.7
Dividend per share	0.76	0.68
Employees at year-end	13,850	14,570

GBP amounts translated from Swedish kronor: GBP 100 = SEK 11.83.



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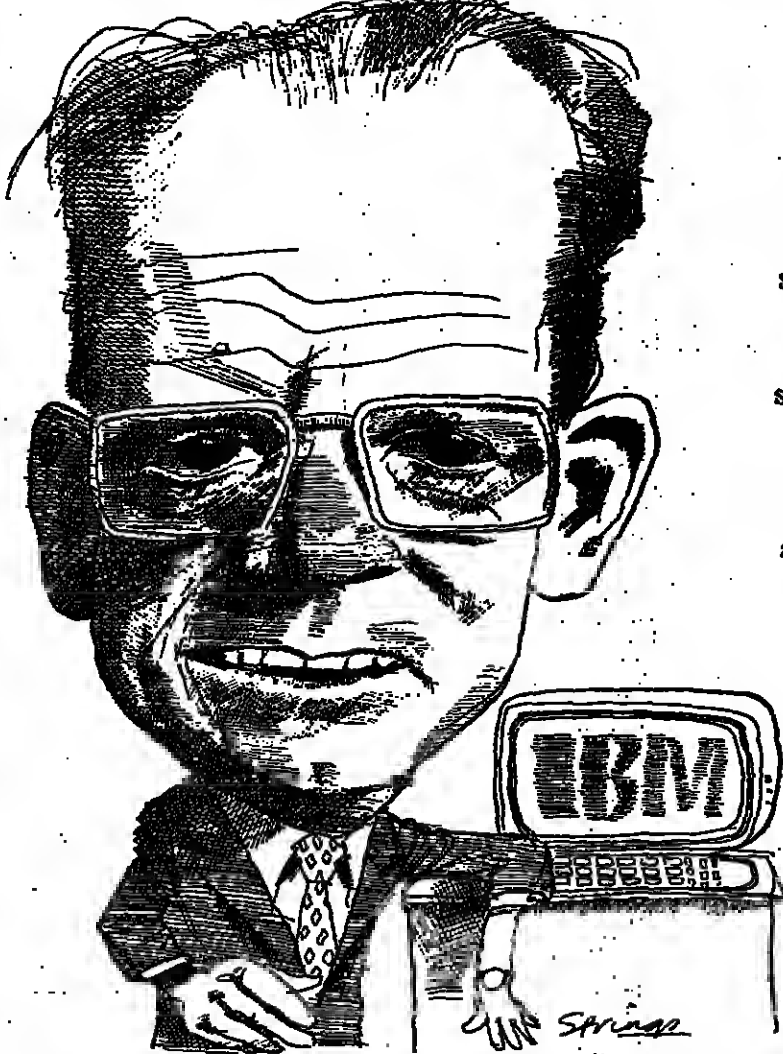
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'We consider ourselves part of Europe'

Kaspar Cassani, president of IBM Europe, talks to Guy de Jonquieres about the company's strategic priorities and horizons



"We believe we have a considerable impact on Europe's competitive posture... subtract IBM from Europe and you have subtracted one of the most important enterprises in an industry of the future"

G. de J.: Electronics and information technology markets are expanding so rapidly that even a company with IBM's resources can't expect to be a leader in all of them. How do you decide your priorities?

K.C.: We have a sizeable effort in software planning and product strategies by 13 business areas. We use all the knowledge we can find inside — and increasingly outside — the company to get reliable forecasts. There is usually a rather clear consensus of opinion about individual sectors — which are high growth and which will grow less rapidly.

CP: In view of the accelerating pace of technological change, how far ahead is it feasible to plan your business strategy these days?

A: We do a five-year strategic plan. It is a systematic, disciplined, numerical, quantified process, checked across countries for consistency against technology, manufacturing capacity and marketing resources. However, we do take longer-range views on certain key parameters. We look at about a 10-year horizon, but there isn't for 10 years a planning framework anywhere near as complete or coherent as our five-year strategic plan.

Q: Which will be the most important growth markets for IBM in Europe in the next few years?

A: We predict the most rapid growth in the work station area. We are convinced that the potential there is huge. Our industry has just scratched the surface. In IBM, we now have one terminal for every three employees. Industry generally has maybe one terminal for every 70 to 80 employees.

Q: How do you see that changing?

A: We see annual growth rates of 20 to 30 per cent in work stations of all kinds. First of all, we have the personal computer. I believe that is a big market for Europe. But I also perceive a difference in market readiness between the U.S. and Europe — computer literacy. Many more people in the U.S. have learned to use a computer in school. So I think we have a question of getting the European market ready.

Q: How far have you had to adapt your marketing approach for your personal computer in Europe, compared to the U.S.?

A: We have had to concentrate a lot more on end-user peculiarities. In the U.S., you have a market of 250m people. In Europe, too. However, for the personal computer, there is no such thing as a homogeneous European market.

We have a UK version, which is not the same as in the U.S. and different versions for Germany and all the individual countries. So we have a base model which is easily adapted to national requirements.

Q: IBM sees telecommunications as an important growth area. But European markets are fragmented and heavily protected by national monopolies. How do you plan to overcome these barriers?

A: In telecommunications, there is even less of a homogeneous European market than in data processing. We take a similar approach to that for the personal computer by having one terminal for every three particular national networks. But there are, of course, areas

which are more remote from data processing and closer to the heart of the telecommunications world...

Q: Which are those?

A: Communications carriers, network services, line switching, the management of big national networks, satellite systems, the convergence of terrestrial and satellite communications. There is the future as a really cooperative, complementary approach by different companies. You can just hear the word joint venture behind that. That is one way, but only one.

If you want an integrated network to carry voice, data and image, you are really interested in using physical resources such as wideband capacity and radio in an optimum way. There is a huge job to be done managing such a network. The whole spectrum can no longer be covered by one individual supplier. It must increasingly be done by

consortia and other forms of co-operation between suppliers from different backgrounds.

Q: Could IBM become involved in Europe as a telecommunications network operator as well as a supplier of equipment and services?

A: That, of course, depends very largely on the national telecommunications monopolies. The UK is leading Europe in liberalising telecommunications.

Q: Do you expect to see liberalisation spread to Continental Europe?

A: I expect it to spread, but I'm not too optimistic about the speed at which that will happen. The possibility of becoming a carrier and charging for the transmission data I do not see approaching rapidly in Continental Europe.

Q: IBM is collaborating with Intel, the U.S. semiconductor company, and Mitel, the Canadian telecommunications manufacturer. Are you likely to reach similar sorts of agreements with European companies in the next few years?

A: It's totally in the strategy of our corporation to do that. It takes two to tango... or several to have a ball.

Q: Have you found a partner?

A: I don't want to pre-empt anyone else's position. Is IBM willing to go into such arrangements? The answer is very clearly yes. But I don't want to speculate on specific forms such as joint ventures. There are other ways, consortia are a possibility. Yes, we are a willing partner.

Q: Do you have any discussions under way on proposals for collaboration agreements in Europe?

A: No. We have had preliminary discussions with other parties, but those discussions are not at a conclusive stage and I have nothing to tell you about them.

little real progress in the methods of producing software programmes. Do you see any breakthrough on the horizon?

A: I see no fundamental change of science or art in producing software. I see big progress in developing known techniques and improving productivity in software production. I believe the industrial development approach will be the future. But I don't have the vision of you or I dictating into a dictating machine what we want and then the computer doing it.

Q: President Mitterrand's Government came to power with plans to "reconquer" the French market, particularly in high technology, by means of massive state support for French industry. How have these policies affected IBM's business in France?

A: Before President Mitterrand, the French Government had an agreement which committed it to purchasing equipment for the public sector from C.I.H. (the main French computer manufacturer). When that commitment ended in March 1980, the French Government told us that it would open the market. That didn't happen overnight. But it was liberalised to a very large extent, and 1981 and 1982 were very strong growth years for our French company.

The new government, incidentally, produced an interesting document, the "Plan Electrotechnique", the French plan for the electronics industry. The fact is that in that document the French Government considers IBM part of the French electronics industry.

Q: IBM has recently taken legal action against Hitachi and Mitsubishi, which it has accused of stealing its secrets, but has also agreed to collaborate with Matsushita, a third Japanese company, to develop new products. How do these contrasting developments fit into your strategy towards Japan?

A: The legal cases are not part of an IBM strategy against Japan as an industrial nation. We will protect our rights if we believe there has been a theft of IBM technical property. We'd do that in the U.S., or if we had a case here, or worldwide.

Q: Japanese electronics companies have been very active in Europe, but outside consumer electronics they don't seem to have made an enormous impact so far. Why do you think that is?

A: I would not like to characterise the success or failure of our Japanese competitors. But I am convinced that there are strong Japanese efforts and strategies aimed at Europe in the area of information processing. Of course we, as a European manufacturer, have not just been sitting there. We have pushed the technological level in all areas as fast as we could. I guess that many of our friends in the European electronics industry would claim that too.

So we are not in an inferior technology position, as some European industries, such as shipbuilding and steel, have been.

Q: Does IBM have anything to fear from Japan in terms of innovation?

A: I'm not a fearful person, but I'm not complacent, either. I believe that the Western observer is a bit hypnotised by Japanese competition. I don't take it lightly. But I'm not holding my breath for a catastrophe to happen.

A giant in computers

INTERNATIONAL Business Machines (IBM) of the U.S. is by far the biggest computer company operating in Western Europe. Its Europe/Middle East/Africa (EMEA) division generated revenues last year of \$10.3bn, almost a third of IBM's total worldwide turnover of \$24.4bn, and contributed net earnings of \$1.12bn to the company's total of \$4.4bn.

About 95 per cent of EMEA's business is in Western Europe, where IBM employs 100,000 staff, less

than 500 of whom are Americans. European facilities include 15 manufacturing plants, nine research and development laboratories and six "scientific centres", which specialise in liaison with universities and applying technology for social purposes, such as aiding the handicapped.

Mr Kaspar Cassani, who is Swiss-born and aged 55, became chairman and chief executive of IBM World Trade Europe/Middle East/Africa at the end of 1981. He is also president of IBM Europe, a senior vice president and a member of the corporate management board, the company's top-level decision making body.

COMPANY NOTICES

SOCIÉTÉS RÉUNIES D'ENERGIE DU BASSIN DE L'ESCAUT
Société Anonyme
Registered Office: Mechelsesteenweg, 271-2800 Antwerpen
Administration Office: Rue de la Science, 31-1040 Bruxelles
Register of Commerce Nos.: Bruxelles 267.922-1 Anvers 294
V.A.T. No. 403.170.701

OFFER OF 2,000,000 PARTS SOCIALES N.P.V. FOR SUBSCRIPTION in the Proportion of 1 "new" part sociale for 8 "old" parts sociales.
PRICE: B.Frs. 1900 each.
Subscription from 6th to 26th May 1982.
The 2,000,000 new "parts sociales" will enjoy the benefit of the fiscal advantages provided by Royal Decree No. 16 relating to the encouragement of subscription to, or purchases of, shares representing equity in Belgian companies.
The subscription right is represented by coupon No. 42 from the old shares and will be quoted on the Brussels, Antwerp and Luxembourg stock exchanges from 6th to 26th May 1983.
Subscriptions may be lodged at the offices of the following banks:
SOCIÉTÉ GÉNÉRALE DE BANQUE
BANQUE BRUXELLES LAMBERT
BANQUE DE PARIS ET DES PAYS-BAS BELGIQUE
KREDIETBANK
THE ROYAL BANK OF CANADA (BELGIUM)
BANQUE DE GROEF
BANQUE GÉNÉRALE DU LUXEMBOURG
BANQUE INTERNATIONALE A LUXEMBOURG
BANQUE BELGE LIMITED - LONDON
from whom prospectuses and application forms may be obtained.

WATNEY MANN INTERNATIONAL FINANCE N.V.
7% ECU 12,000,000 1989/1994
holders of 1989 subordinated bonds are hereby informed that the 1989 annual interest of ECU 1,000,000 due 15th June 1983 has been effected by drawing by lot on April 12, 1983 in the presence of a notary public.

The bond numbers so drawn are comprised between:
— 1989 inclusive and 1455 inclusive
— 1994 inclusive and 1456 inclusive

taking into consideration the bonds previously repurchased or redeemed.

The bonds shall be redeemable at par on or after 15th June 1983, the date of the next interest payment, and the conditions of the bonds.

The amount remaining outstanding after 15th June 1983 will be ECU 1,000,000.

Bond numbers drawn by lot in 1980, 1981 and 1982 and not yet presented for payment:
0938, 10595, 5332-5336, 5418, 5460-5462, 5468-5500, 5577-5880, 5711, 5730-5731, 5737, 5811, 5878-5879, 5907, 5918, 5920, 5921, 5922, 5923, 5924, 5925, 5926, 5927, 5928, 5929, 5930, 5931, 5932, 5933, 5934, 5935, 5936, 5937, 5938, 5939, 5940, 5941, 5942, 5943, 5944, 5945, 5946, 5947, 5948, 5949, 5950, 5951, 5952, 5953, 5954, 5955, 5956, 5957, 5958, 5959, 5960, 5961, 5962, 5963, 5964, 5965, 5966, 5967, 5968, 5969, 5970, 5971, 5972, 5973, 5974, 5975, 5976, 5977, 5978, 5979, 5980, 5981, 5982, 5983, 5984, 5985, 5986, 5987, 5988, 5989, 5990, 5991, 5992, 5993, 5994, 5995, 5996, 5997, 5998, 5999, 6000.

Bond numbers drawn by lot in 1980, 1981 and 1982 and not yet presented for payment:
0938, 10595, 5332-5336, 5418, 5460-5462, 5468-5500, 5577-5880, 5711, 5730-5731, 5737, 5811, 5878-5879, 5907, 5918, 5920, 5921, 5922, 5923, 5924, 5925, 5926, 5927, 5928, 5929, 5930, 5931, 5932, 5933, 5934, 5935, 5936, 5937, 5938, 5939, 5940, 5941, 5942, 5943, 5944, 5945, 5946, 5947, 5948, 5949, 5950, 5951, 5952, 5953, 5954, 5955, 5956, 5957, 5958, 5959, 5960, 5961, 5962, 5963, 5964, 5965, 5966, 5967, 5968, 5969, 5970, 5971, 5972, 5973, 5974, 5975, 5976, 5977, 5978, 5979, 5980, 5981, 5982, 5983, 5984, 5985, 5986, 5987, 5988, 5989, 5990, 5991, 5992, 5993, 5994, 5995, 5996, 5997, 5998, 5999, 6000.

Luxembourg, 6th May, 1983.

PUBLIC NOTICES
DONCASTER M.C. issued 30th May 1982. 1000 shares of £1.00 each. Applications for shares to be made by 15th June 1982. No other bids outstanding.

TRAVEL
JAPAN AIRWAYS. Osaka, Seoul, Taipei & Yokohama. Japan Services Travel. 01-437 5763.

AB ELECTROLUX

TO THE SHAREHOLDERS OF AKTIEBOLAGET ELECTROLUX

The Annual General Meeting of the company will be held at Skandinska Enskilda Banken, Kungshusetgatan 8, Stockholm, on Thursday, May 25, 1983 at 4.00 pm.

AGENDA
1. Report presented by the Swedish Companies Act and by the Company's Articles of Association including among others, presentation of the annual report and accounts and the auditor's report and the consolidated accounts and the auditor's report on the group, resolutions on adoption of the profit and loss statement and the balance sheet and on the consolidated balance sheet, on appropriation of the Company's profit according to the adopted balance sheet, on the Company's and the Managing Director's and the Board of Directors' and the Auditors' reports.

2. A proposal by a shareholder to amend the articles of association to change the voting rights of the shares and to create a special committee to nominate Directors and Auditors of the Company.

ATTENDANCE AT THE MEETING
Shareholders wishing to attend the meeting should be registered in the share register maintained by the company. The share register is open for inspection from Monday, May 12, 1983, in addition, they shall notify the company of their intention to attend the meeting not later than 10.00 am on Thursday, May 25, 1983, in writing to AS Elektrolux, Dept. C-1, S-105 45 Stockholm, Sweden, or by telephone at +46 (8) 736020 or +46 (8) 736028.

Shareholders whose shares are registered in the name of a nominee such as the trust department of a bank or a stockbroker, must inform the nominee of their intention to attend the meeting, not later than May 16, 1983, to have the right to vote at the meeting. Shareholders may vote by proxy.

DIVIDEND
Provided the meeting resolves in accordance with the proposal of the Board of Directors, the dividend to be distributed by Verdesparcentralen VPC AB on June 7, 1983.

2 May 1983 THE BOARD OF DIRECTORS

Electrolux

BRASCAN LIMITED
Class "C"
International Depositary Receipt
(IDR)
Issued by
Morgan Guaranty Trust Company
of New York
Brussels Office

A distribution of Can\$0.40 per depositary share less any applicable taxes and fees will be payable on or after May 1983 upon presentation of coupon No. 25 at any of the following locations:
— New York (USA), 30 West Broadway, 30th Floor, New York, NY 10006.
— London, 1 Angel Court, London, EC2A 4PU.
— Frankfurt, Mainzer Landstrasse, 46.
— Zurich, Stockenstrasse, 32.
— and Banque Generale du Luxembourg, 14 rue Aldringen, Luxembourg.

BNP
BANQUE NATIONALE DE PARIS

M. PIERRE MENORAS has been appointed as the Executive Vice-President, in charge of the INTERNATIONAL DIVISION OF BANQUE NATIONALE DE PARIS, under the authority of M. Jacques Henri WAILLÉ, President.

M. Menorras, a graduate of Ecole Centrale des Arts et Manufactures, joined BNP in 1948. He was appointed Vice-President in charge of the Treasury and Foreign Relations Department of BNP in 1967, then the merger of BNP with CNER, and later Executive Vice-President in charge of the Treasury and International Operations Department (OTAI) in October 1980.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held at the Hotel de Ville, 12th May 1983 at 11.00 a.m. at 585, Boulevard de la Woluwe, 1200 Brussels, Belgium.

1. Adoption of Annual Report and Accounts for 1982.
2. Appointment of Directors.
3. Miscellaneous.
The Annual Report and Accounts are available from J. Henry Schöneweg & Co., Ltd., 120 Chancery, London EC2N 6DS.

THE BOARD OF DIRECTORS
Amsterdam, 5th April, 1983.

CLUBS
NVE has notified the others because of a policy of fair play for members. Sunday from 10.30 am. Discs and music, delicious beverages, dancing. 199, Regent St. 01-720 0557.

SAMON'S NIGHTCLUB RESTAURANT, 42, Great Street, W1. Where today's businessmen can relax and enjoy an evening of music, dancing and delicious food. 10.30 am. Discs and music, delicious beverages, dancing. 199, Regent St. 01-720 0557.

RENOWN INCORPORATED

On 25th April 1983 the Board of Directors met and issued the following report:

ANNUAL BUSINESS RESULTS
(Audited and on a consolidated basis)

	Year ending 31st December 1982		U.S. dollars	
	1982	1981	1982	1981
Net Sales	217,745	211,393	926,574	899,545
Operating Income	10,668	13,457	45,396	57,264
Taxes	12,914	15,081	54,953	64,175
Net Income	6,270	7,470	26,681	31,787
Net Income per Share	42.96	55.98	0.183	0.238
Rate of Net Income on Shareholders' Equity	8.3	10.5	8.3	10.5
Total Assets	140,917	134,430	599,647	572,043
Equity	75,299	70,807	320,421	301,307
(Ratio)	(53.4)	(52.7)	(53.4)	(52.7)
(per Share)	(528.85)	(497.48)	(2.25)	(2.12)

NOTES:
Exchange Rate: Y235 = U.S.\$1.
Copies of the annual report will be available at the office of Robert Fleming & Co. Limited, 8, Crosby Square, London EC3 6AN, 6th May 1983.

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE
DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTÈRE DE L'ÉNERGIE ET DES INDUSTRIES
PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DE FORAGE
(National Oil Exploration Company)

"ENAF.O.R."
NOTICE OF INTERNATIONAL CALL FOR TENDERS
NO. IN 83.12

"ENAFOR" is launching an International Call for Tenders for the supply of the following equipment:
ANNULAR BLOWOUT PREVENTOR 13" - 10,000 psi
RAM BLOWOUT PREVENTOR 13" - 10,000 psi
MANIFOLD AND CHOKE VALVES 13" - 10,000 psi

This Call for Tenders is intended for Manufacturing Companies only, and excludes assignments, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Interested tenders may obtain the specifications from: ENAFOR, DEPARTEMENT ENGINEERING & APPROVISIONNEMENTS (ENGINEERING AND SUPPLIES DEPARTMENT), 1 PLACE SIR HAKEMI, EL-SIAR (ALGER), (ALGIERS), with effect from the date on which this Notice is published.

Tenders, of which six (6) copies should be prepared, must be sent in a double sealed envelope, by registered post, the outer envelope being completely anonymous and bearing no caption or seal of the tenderer, nor any indication indicating the origin of the same, stating simply "APPEL D'OFFRES INTERNATIONAL NO. IN 83.12 - CONFIDENTIEL - A NE PAS OUVRIR" (International Call for Tenders No. 83.12 - Confidential - Do not open), for the attention of "MONSIEUR LE CHEF DE DEPARTEMENT ENGINEERING & APPROVISIONNEMENTS" (Head of Engineering and Supplies Department), to arrive by 11 June 1983 at the very latest.

Any tender arriving after this date will be rejected.

Selection will be made within 120 days from the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE

DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTÈRE DE L'ÉNERGIE ET DES INDUSTRIES
PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DE FORAGE
(National Oil Exploration Company)

"ENAF.O.R."
NOTICE OF INTERNATIONAL CALL FOR TENDERS
NO. IN 83.12

"ENAFOR" is launching an International Call for Tenders for the supply of the following equipment:
BATCH OF MOTOR-DRIVEN PUMPS, 40 to 74 hp
TOGETHER WITH MISCELLANEOUS SAFETY ACCESSORIES

This Call for Tenders is intended for Manufacturing Companies only, and excludes assignments, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Interested tenders may obtain the specifications from: ENAFOR, DEPARTEMENT ENGINEERING & APPROVISIONNEMENTS (ENGINEERING AND SUPPLIES DEPARTMENT), 1 PLACE SIR HAKEMI, EL-SIAR (ALGER), (ALGIERS), with effect from the date on which this Notice is published.

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Any tender arriving after this date will be rejected.

Selection will be made within 120 days from the closing date of this Call for Tenders.

LEGAL NOTICE
THE COMPANIES LAW
ICAP, 221
KENTFIELD INSURANCE COMPANY
LIMITED
(LIQUIDATION UNDER COURT ORDER)

NOTICE IS HEREBY GIVEN that the creditors of the above named Company are required to submit their claims to the Liquidators by 15th June 1983, in order to be included in the list of claims to be distributed.

Any claim not submitted by that date will be treated as a claim against the assets of the Company, and it is so required by notice in writing from the Liquidators, to come in and prove their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such date.

Dated the 15th day of April, 1983.
CHRISTOPHER DORRIEN JOHNSON
JOHN MICHAEL OINAN
Joint Official Liquidators

CLASSIFIED ADVERTISEMENT RATES

	Per line	Single column
Commercial & Industrial Property	8.50	30.00
Residential Property	6.50	22.00
Appointments	9.00	31.00
Business, Investment Opportunities	8.50	30.00
Real Estate for Sale/Lease	2.50	30.00
Personnel	6.50	22.00
Motor Cars	2.50	22.00
Holiday & Travel	6.50	22.00
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Stock Publishers	—	14.00

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Classified Advertisement Manager
Financial Times
10 Cannon Street, EC4A 3DF

UK COMPANY NEWS

National Freight better than expected

By Hazel Duffy, Transport Correspondent

THE National Freight Consortium, owned by employees and their families, has continued to increase dividend payments. The profit from trading activities totalled \$4.8m, better than budget and broadly £5m ahead of last year. This was supplemented by \$5.5m profit from the disposal of surplus property.

A second interim dividend of 5p a share is declared which represents a gross dividend of 7.1p. The bonus shares issued on April 13 do not rank for dividend until after July 1. NFC have also valued independently at £1.60 per share—equivalent to a valuation of £3.20 before the bonus issue.

The directors state that the second quarter of the year is traditionally the lowest trading quarter, but cumulatively the turnover continued to run ahead of last year. A satisfactory start to the financial year has continued in the second quarter.

Dunlop chief emoluments rise to £81,856

Accounts to the annual report of Dunlop Holdings show that emoluments of Sir Campbell Fraser, the chairman, have risen from £87,889 to £81,856 for 1982. The directors' remuneration totalling £706,195, against £684,647.

As reported on April 22 the group suffered continuing problems in the European tyre market and incurred a taxable loss of £7m for the 12 months to December 31 last, compared with a break-even situation for 1981.

Following a marked deterioration in the second half of 1982, the directors reported that results for the early months of the current year were lower than those for the corresponding period.

They added, however, that profits of diversified products operations in the UK were improving and a number of overseas subsidiaries were performing well.

Balance sheet at the year end shows group fixed assets of £373m (£353m), investments £79m (£45m), net current assets of £197m (same) and net assets employed amounting to £649m (£575m). Shareholders' funds are down slightly to £251m (£235m).

Meeting, Cafe Royal W, May 31 at noon.

Brent Chemicals

Management accounts of Brent Chemicals International for the first quarter show earnings higher than in 1982 and ahead of management's planned earnings target for the period.

MINING NEWS

Hanna hopes to be back in profit by end-year

By KENNETH MARSTON, MINING EDITOR

ANOTHER major U.S. mining company now beginning to emerge from last year's deep recession is Hanna Mining with its interests in iron ore, nickel and energy. Hanna was a victim of the downturn in the steel industry last year and suffered a net loss of \$80.4m (£50.5m) compared with a loss of \$44.02m in 1981.

The 27 per cent-owned Iron Ore Company of Canada lost \$37.6m and there was a debit of \$5.1m at the U.S. iron ore operations. Coal provided a reduced profit of \$1.9m, a contribution of

\$8.5m from the 50 per cent-owned Colowyo Coal in Colorado being largely offset by losses at the eastern coal operations. The Brazilian iron ore operations remained in profit, albeit reduced to \$4.8m from \$9.8m in 1981, while the aluminium operations earned \$1.1m against a loss of \$1.4m in the previous year.

Hanna's loss in the final quarter of 1982 amounted to \$69.3m but this was reduced to \$11.2m in the first quarter of this year. Mr Robert F. Anderson, the chairman, now says: "We

remain hopeful that Hanna will return to profitable operating levels by year-end." He pointed out at the annual meeting that in March the company resumed production at several of the mining operations that had been idle for most of 1982. He added that Hanna, "is studying a number of new business areas where we feel we can use our existing management and technical expertise."

As far as the steel-related activities, particularly iron ore production, are concerned Hanna sees little hope of any expansion "in the near term."

International round-up

A CHANGE in the product mix to give a greater emphasis on gold, and the state-guaranteed floor price of U.S. cents 76 per pound for copper, combined to improve the results of Atlas Consolidated Mining and Development in the first quarter of the year. Atlas is the largest metals producer in the Philippines.

Net income for the period was Pesos \$2,077m (£2.5m), which compares with a loss of Pesos 90.5m in the first quarter of 1982, and profit of Pesos 20.7m in the final quarter of last year, reports Leo Gonzaga in Manila.

Copper and silver production was marginally lower, at 22.6m lbs and 141,000 ounces respectively, but gold output rose to 51,470 oz. This boosted sales revenue by 30 per cent to \$68.1m, which in turn produced higher profits.

The steady increase in the gold price over the 12 months to March 31 has enabled Falcon Mines, the Zimbabwe gold producer, to declare a dividend of 60 Zimbabwe cents (40p) a share.

Provided there are no changes in Zimbabwe's exchange control regulations before the payment date, payments will be made from the company's London and Johannesburg offices in local currency on June 6.

Falcon warned last July that it would only be able to pay a dividend for the year if the gold price averaged more than \$340 an ounce.

The first quarter average was a little below this level, but subsequent rises produced an overall average of around \$400, enabling the company to pay a dividend after the omission of the final for the previous year.

Lower tin production as a result of the production controls imposed by the sixth International Tin Agreement was offset by the higher price received for the tin produced.

Thus, Gopeng Consolidated, which produces tin in Malaysia, was able to report pre-tax profits

of \$1.6m for the six months to end-March, compared with \$1.32m in the first half of the previous financial year. Gopeng, including the Mambang Di-Awan operation, produced a total of 1,045 tonnes of tin, of which 739 tonnes were sold during the period, with the remainder being added to stockpiles. The average price received was around \$8,000 per tonne, against under \$5,000 last time.

The latest quarterly report from Meekatharra Minerals reveals that mine planning, geological and hydrological studies on the big Wintinna coal project in the Arkaringa Basin of South Australia have begun.

Mr Don O'Callaghan, Meekatharra's chairman, adds that the company is continuing its drilling programme, which is designed to upgrade the Wintinna and East Wintinna reserves and continue the appraisal of the Murielcoppo and Westfield deposits.

The report also discloses a slight increase in the total of reserves at Wintinna beyond the 1.5bn tonne mark.

Australia's CSR reports that during the past quarter the first gold was produced at the Paringa mine treatment plant, near Kalgoorlie on the Golden Mile, some two months ahead of schedule.

The UK Hampton Gold Mining Areas has a 20 per cent stake in the venture which is expanding milling capacity to 180,000 tonnes of ore a year from 130,000 tonnes.

CSR also announces that in February it sold its 15.5 per cent interest in the Meekatharra joint venture to the Northgate Exploration group's 27 per cent-owned Wintinna Creek Consolidated for \$1,000m (£775,000) and 2,000 of Wintinna.

Encouraging assay results have been obtained in drilling of the Australian Company joint venture's Surveyor 1 lease, 35 kilometres northwest of Greenvale in north-eastern Queensland. Partners are Canada's Nucor (40 per cent), Australia's Phelps-Dodge (50 per cent) and James Mining (10 per cent),

Drilling has located and partially outlined a zone of base and precious metal mineralisation which, it is stated, is structurally complex. The units of the mineralisation have not yet been defined and drilling is continuing.

The staking rush now taking place in Western Australia's Eastern Goldfields region near Kalgoorlie continues, with news that Eastern Petroleum has acquired a 51 per cent interest in a block of townships north of Broad Arrow, the potentially very exciting prospect owned by Samanthia and Samson.

The areas, known as Beek and East Beek, were acquired from local prospecting interests.

Eastern Petroleum is controlled by Black Hill Minerals, itself part of the Western Continental group.

Eastern also has an interest in part of the promising Black Hill/Australian Occidental block, near the Mount Charlotte mine. This whole area will be the subject of a separate report in about two weeks' time.

The report should make interesting reading as Black Hill believes it has a part to play in the race which is now developing among the groups involved in the Eastern Goldfields to be the first to bring a mine to production.

CDCE Mining of the Philippines saw its net loss increase to Pesos 268.6m (£20m) last year from 1981's Pesos 201.5m. The company produces copper concentrates with gold, silver and pyrite by-products in the central Philippines, reports Leo Gonzaga in Manila.

In Philippine Phosphate Fertiliser Corporation (Philpoc) plans to recover further pyrite from CDCE Mining's tailings to produce one of the raw materials for the fertiliser business.

With the 592,000 tonnes of recoverable pyrite in CDCE's tailings covered by a 10-year supply contract with Philpoc, this project could be a useful source of revenue for the mining company.

The Royal Bank of Scotland Group plc

Interim Statement

The unaudited profit before taxation for the six months ended 31 March 1983 on an historical cost basis amounted to £30.9 million, 28 per cent lower than the corresponding period last year.

After adjusting for the effect of inflation the profit before taxation on a current cost basis was £23.1 million, and for the corresponding period last year, £27.1 million.

Two factors which adversely affected operating profit in the period deserve special mention. Firstly, the charge for bad and doubtful debts at £24.5 million shows an increase of £10.3 million over the same period last year. The increase, which shows a similar pattern in both the constituent banks, reflects the continuing difficulties being faced by industry and commerce both at home and abroad.

The Group has done its utmost to continue to support its customers through recent difficulties where there is seen to be any hope that they could weather the recession. Sadly, many are still finding it impossible to continue to trade. Although recent economic indicators support the view that a recovery may be under way, the U.K. economy remains fragile, and is dependent long-term on an sustained upturn of the world, and especially the United States, economy.

Secondly, Group profit has been affected by the fact that the share of profit from our associated company, Lloyds and Scottish plc, was only £1.2 million (based

on their profit for the half year to 30 September 1982) compared with £6.3 million for the corresponding period last year.

Although average volumes of deposits and advances for the six months to 31 March 1983 were higher than in the same period last year, the trend in our deposit mix away from current accounts to interest bearing deposits has continued, and average base rate fell to 10.2 per cent from 14.5 per cent. However, the average margin between base rate and retail deposit rate widened to 3.2 per cent from 2.2 per cent in the corresponding period last year and, in addition, commission and fee income has again shown an encouraging increase, but operating costs were inevitably higher.

The directors have declared half-yearly dividends on the 11 per cent and 5½ per cent cumulative preference shares at the rate of 3.85 per cent and 1.925 per cent, respectively. These dividends will be paid on 31 May 1983 to those preference shareholders registered on 6 May 1983. The directors have also declared an interim dividend on the ordinary shares for the year to 30 September 1983 of 3 pence per share compared with 2.8 pence per share paid last year. This interim dividend will be paid on 1 July 1983 to those ordinary shareholders registered on 3 June 1983.

Michael Herries, Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)	6 months to 31.3.83	6 months to 31.3.82	12 months to 30.9.82
OPERATING PROFIT	£m	£m	£m
The company and its subsidiaries (Note 1)	34.7	45.4	96.4
Share of profits of associated companies	3.9	8.0	12.8
Interest on subordinated loans	38.6	53.4	109.2
PROFIT BEFORE TAXATION	(7.7)	(10.3)	(18.7)
Taxation (Note 3)	30.9	43.1	90.5
PROFIT AFTER TAXATION	(9.2)	(10.2)	(25.4)
Exceptional items (Note 4)	21.7	32.9	65.1
	21.7	57.1	99.7
Preference dividends	(0.1)	(0.1)	(0.1)
PROFIT BEFORE EXTRAORDINARY ITEMS	21.6	57.0	99.6
Extraordinary items	—	2.9	2.2
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	21.6	59.9	101.8
Ordinary dividend	(6.8)	(6.3)	(15.1)
RETAINED PROFIT	14.8	53.6	86.7
EARNINGS PER 25p ORDINARY SHARE:			
before exceptional items	9.6p	14.5p	28.8p
after exceptional items	9.6p	25.3p	44.1p

NOTES:	6 months to 31.3.83	6 months to 31.3.82	12 months to 30.9.82
1. Analysis of operating profit of the company and its subsidiaries	£m	£m	£m
Interest and investment income	522.2	523.4	1,048.8
Interest payable	(385.8)	(389.3)	(765.8)
Net interest income	136.4	134.1	283.0
Other operating income	53.0	43.5	88.0
Staff expenses	(81.5)	(74.2)	(153.0)
Premises and equipment expenses	(25.2)	(21.5)	(44.1)
Including depreciation	(28.6)	(22.0)	(46.6)
Other expenses	(24.5)	(14.2)	(30.8)
Bad and doubtful debts charge (Note 2)	(159.5)	(132.2)	(274.5)
Profit on sales of premises	22.6	45.4	94.4
Profit on sales of investments	1.1	—	0.5
OPERATING PROFIT of the company and its subsidiaries	34.7	45.4	96.4
2. The charge in respect of provisions for bad and doubtful debts comprises:			
Specific	23.5	12.6	24.8
General	1.0	1.6	6.0
	24.5	14.2	30.8
3. The charge for taxation is based on a U.K. corporation tax rate of 52 per cent, and takes account of deferred taxation on all timing differences other than those considered likely to continue in the foreseeable future. As a result of accelerated capital allowances in respect of equipment used in the business and assets leased to customers the charge for taxation has been reduced by £5.7m in 1982-83 compared with 1981-82 (£10.9m), 12 months ended 30 September 1982 (£19.3m).			
4. The credit for exceptional items in the prior accounting periods, relates to release of part of the provision for deferred taxation in respect of the company and its subsidiaries and an associated company, and in addition in the 6 months ended 31 March 1982 an exceptional credit of £2.6m (12 months ended 30 September 1982 £12.6m) in respect of additional capital allowances released against profit of the previous year.			
5. Contribution to profit before taxation			
Domestic	37	46	50
International	23	22	19
Related services	40	30	31
6. The profit and loss account for the twelve months ended 30 September 1982 is an abbreviated version of the company's full accounts for that period which have been filed with the registrar of companies and on which the auditors gave an unqualified report.			

CURRENT COST CONSOLIDATED PROFIT AND LOSS ACCOUNT	6 months to 31.3.83	6 months to 31.3.82 restated*	12 months to 30.9.82 restated*
OPERATING PROFIT of the company and its subsidiaries as in historical cost accounts	34.7	47.9	99.6
Adjustments:			
Monetary working capital (Note 1)	(6.6)	(20.5)	(35.8)
Additional depreciation (Note 2)	(1.3)	(0.7)	(3.1)
	26.8	26.7	60.9
Share of current cost profits of associated companies (Note 3)	1.8	5.6	7.3
CURRENT COST OPERATING PROFIT	28.6	32.3	68.2
Gearing adjustment (Note 4)	2.2	5.7	10.3
Interest on subordinated loans	(7.7)	(10.9)	(19.3)
CURRENT COST PROFIT BEFORE TAXATION	23.1	27.1	59.2
Taxation as in historical cost accounts	(9.2)	(10.7)	(26.2)
Exceptional items	13.9	16.4	33.0
	13.9	25.5	35.7
Preference dividends	(0.1)	(0.1)	(0.1)
CURRENT COST EARNINGS	13.8	41.8	68.8
Extraordinary items	—	1.8	2.3
CURRENT COST PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	13.8	43.6	70.9
Ordinary dividend	(6.8)	(6.7)	(15.8)
RETAINED CURRENT COST PROFIT	7.0	36.9	55.3
CURRENT COST EARNINGS PER 25p ORDINARY SHARE:			
before exceptional items	8.1p	7.2p	14.8p
after exceptional items	6.1p	18.5p	30.4p

*The figures for 1982 have been restated on a 1983 price basis by reference to the changes in the Retail Price Index in order to allow for the effect of inflation.

- NOTES:
- The monetary working capital adjustment allows for the effect of price changes on the net operating assets by applying the change in the Retail Price Index to the average monetary working capital of the Group during the half-year. Monetary working capital is the excess of advances and other assets over deposits and other liabilities, excluding taxation and dividend.
 - The adjustment for additional depreciation is the difference between depreciation based on the current replacement cost of premises and equipment and the depreciation charge in the historical cost accounts.
 - The share of profits of associated companies in the historical cost accounts has been reduced by the appropriate current cost adjustments.
 - The gearing adjustment reduces the monetary working capital, additional depreciation and share of associated companies adjustments by the proportion of capital provided other than by shareholders' funds.

Eagle Star 1982.

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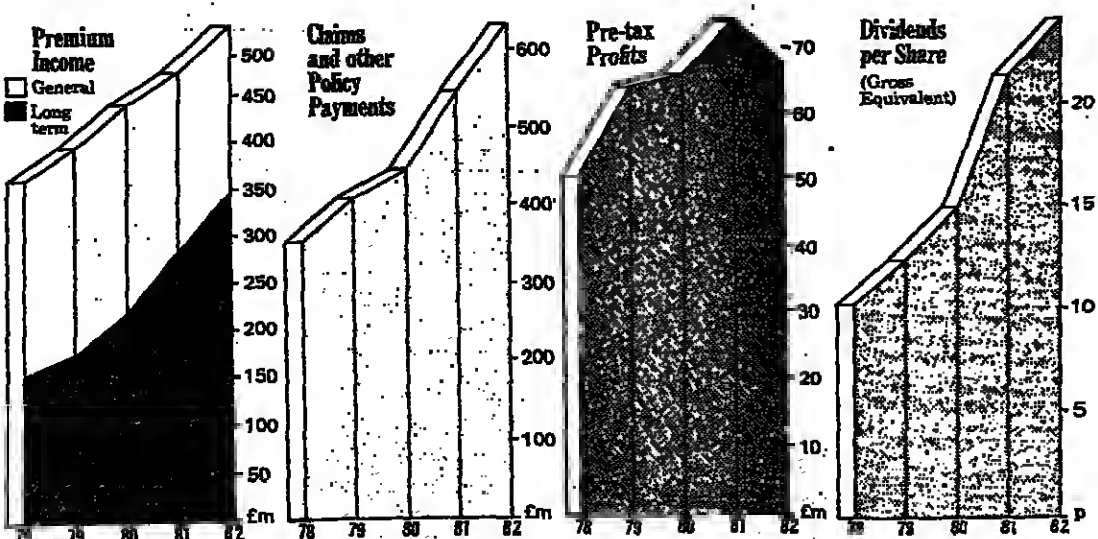
Sir Denis Mountain, Bt. Chairman

Highlights from the Chairman's message to shareholders.

- * Dividend again increased.
- * Higher bonuses for life and pension policyholders.
- * Significant increase in the value of investments.

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UK COMPANY NEWS

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an affiliate of

PETROLEOS DE VENEZUELA S.A.

announces the opening
of its European Purchasing Branch Office



BARIVEN EUROPE

COMMERCIAL REGISTER 104156 THE HAGUE, NETHERLANDS

as from May 9th 1983 in:

KANTORENCOMPLEX LEIDSENHAGE
DUINDOORN 31, 2262 AR

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P.O. BOX 415, 2260 AK

LEIDSCHENDAM - THE NETHERLANDS

TEL.: (70) 209232

TLX.: 32540 BARIVNL

This advertisement is published by S.G. Warburg & Co. Ltd. on behalf of Thomas Tilling plc.

8 good reasons why you should not sell Tilling.

1. The bid is unwelcome, unacceptable and inadequate. BTR is trying to get Tilling on the cheap.
 2. Tilling is a strong group of companies, well placed to take advantage of the improvement in world conditions.
 3. 1983 is a year of recovery.
 4. Tilling is forecasting
 - 113% increase in profits to £95 million.
 - 149% increase in earnings per Ordinary share.
 - 25% increase in dividends per Ordinary share.
 5. Acceptance of the bid would result in
 - Inadequate capital value.
 - 43% loss of income.
 - 20% dilution of attributable earnings.
 - 40% dilution of asset backing.
 6. The bid has no business or commercial logic.
 7. BTR's growth is faltering.
 8. Tilling is worth a great deal more than BTR is offering.
- You, not BTR, should benefit from this.**



Don't sell Tilling short—don't sell Tilling at all.

The directors of Thomas Tilling plc (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

Towles leaps to £375,000: raises dividend

Hosiery and knitwear manufacturer Towles moved ahead from taxable profits of £151,000 to £375,000 in the 12 months to February 28 1983 on higher turnover of £12.3m compared with £10.96m.

The year's single dividend payment is being increased from 2.1p to 2.4p net. Earnings per 10p share are given higher at 16.18p (6.5p).

The pre-tax figure was struck after interest payable of £28,000 (£25,000), depreciation of £188,000 (£174,000), directors' emoluments of £101,000 (£94,000) and auditors remuneration £9,000 (same).

Cadbury Schweppes

At the annual meeting of Cadbury Schweppes, Sir Adrian Cadbury, the chairman, told members he was confident that the company's reputation for real and consistent progress would be maintained in the current year.

Sales in 1983 had started slowly, but were picking up around the world. Benefits of the group's investment programme were coming through in improved efficiencies and that these, combined with close control of costs, meant that budgets were being met.

Pittard optimism

Mr N. E. Wood, chairman of the Pittard Group told the AGM that trading conditions were generally better than at this time last year and that he was more optimistic than at the time of the preliminary announcement in March.

Associates growth keeps Cowie ahead

FOR THE six months to March 31 1983 profits of T. Cowie have shown a slight increase, from £111,000 to £125,000. For the full year the directors are looking for a result comparable with the £1m pre-tax achieved in the year ended September 30 1982, provided circumstances and trading conditions do not alter in the short term.

The group's main line of business is motor vehicle dealing and coach touring (through George Ewen). The directors report that the coach and travel division has not had the benefits of the rail strike seen in the same period last year, and therefore the loss sustained in this normally adverse trading period has worsened.

Group turnover for the half year advanced by £5m to £50m.

The profit was helped by a reduction in interest rates, which fell by £190,000 to £716,000, and a boost from the contribution by the associate companies. These provided £253,000 (£288,000) and for this half year have kept the group in profit. The principal associates are Cowie Financial Services (50 per cent owned) and Gambia Agricultural Mechanisation (40 per cent).

After tax of £81,000 (same) there is an attributable profit of £254,000, compared with £250,000. Earnings are shown at 1.17p (1.15p) per share and the interim is unchanged at 0.8p net.

For the year ended September 30 1982 the company paid a total dividend of 2p, against 1.5p in the previous year when profits dropped to £384,000.

Record profit by Batus

Record net profits of £214m (£197.1m) against £179.7m (£151m) are reported by Batus Inc., the wholly-owned American subsidiary of BAT Industries, for 1982. Sales rose from \$4.59bn to \$5.51bn.

The company says operating profits of its tobacco division rose from \$252m to \$266m on sales volume up from \$1.97bn to \$2.1bn. Despite this improvement, Batus says its Brown and Williams Tobacco Corporation unit, which is the third largest

U.S. cigarette manufacturer, had a 6 per cent drop in volume during the year which cut its market share from 14 per cent to 13.4 per cent.

Operating profits from the retailing division, which includes Gimbel's Brothers, Saks Fifth Avenue and Marshall Field, rose from \$126.8m to \$131m from sales up from \$2.2bn to \$2.3bn. In the paper division, income improved from \$58.5m to \$64m on sales up from \$403.2m to \$411.8m.

Yearlings total £21m

Yearling bonds totalling £21m at 10 per cent redeemable on May 9 1984 have been issued this week by the following local authorities.

Cheltenham Borough Council £0.5m; Brent (London Borough of) £0.5m; Blackburn BC £0.5m; Eastleigh (Borough of) £0.25m; Ettrick and Lauderdale District Council £0.25m; Lothian Regional Council £1.25m; Rotherham (Metropolitan Borough Council) £2.75m; Merthyr Tydfil BC £0.5m; Mendip BC £0.5m; North Shropshire DC £0.5m; Ogwr BC £0.5m; South Pembrokeshire DC £0.25m; Westminster (City of) £1m; West Oxfordshire DC £0.25m; Edinburgh (City of) DC £1m; Glasgow (City of) DC £2m; Hillingdon (London Borough of) £1m; Lincoln (City of) £0.5m; Strathclyde BC £2m; Dudley Metropolitan BC £0.75m; Telford (London Borough of) £2m; Sefton Metropolitan BC £1m; Eastbourne BC £0.25m; Redwre DC £1m.

RESULTS AND ACCOUNTS IN BRIEF

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share £2.10, after deduction of prior charges at market value.

DRAYTON CONSOLIDATED TRUST—Interim dividend 2p (same) for the six months to the end of March 1983. Not revenue after tax £1.25m (£1.15m). Tax £282,500 (£265,400). Attributable revenue £1.25m (£1.15m). Earnings per share, fully diluted, 3.84p (3.5p). Net asset value £24.53p (£22.13p). Gross income £1.95m (£2.23m).

ASBERDEN TRUST (Investment trust)—Interim dividend 1.5p (£22.30) for six months ended March 31 1983. Final of at least 2.5p (same) when revenue rises to £1.42m (same) after interest and expenses. Tax £244,177 (£248,837). Earnings per share 2.5p (1.80p). Net asset value 155p (110p)—all comparisons have been adjusted. Directors view investment opportunities overseas, particularly in U.S., are currently more attractive than in UK so overseas portfolio has been considerably enlarged and now represents 31.9 per cent (21 per cent) of total assets. This was achieved partly by means of a loan facility of \$4m arranged with

Bank of Montreal. Company has also negotiated further £5m short-term loan facility with Royal Bank of Scotland.

WEMYSS INVESTMENT TRUST—Net interim dividend 7p (same) for the six months to the end of March 1983. Available profit £213,000 (£214,000). Earnings per £1 share 8.5p (same). Net asset value including interim dividend 52p (43p).

OCEANA DEVELOPMENT INVESTMENT TRUST—Net dividend 1.52p (0.55p) for the year to March 31 1983. Revenue £29,233 (£4,704). Tax £5,347 (£885). Net asset value £5.4p (£4.8p).

MILFORD (DOMECA) BAKERY AND FLOUR MILLS—Results for half-year to September 28 1983: income £1,035,371 (£1,131,941) after depreciation £107,080 (£121,850), and tax £172 (£132).

H. C. SLINGSBY (truck and trailer manufacturer)—Final dividend of 1.5p (0.5p) making 2.5p (1.25p) for 1982. Pre-tax profit £5,165 (£2,025); sales £2.17m (£2.78m); interest £12,793 (£7,036) tax £28,234 (nil); net earnings per share 1.5p (0.25p) after most pre-tax loss £21,957 (£21,330).

BANK RETURN

	Wednesday May 4 1983	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,555,000	
Public Deposits	48,705,598	+ 1,073,970
Bankers' Deposits	970,356,380	+ 58,082,923
Reserve and other Accounts	2,064,500,045	+ 20,159,755
	5,699,115,009	+ 51,360,098
Assets		
Government Securities	113,246,002	+ 10,705,000
Advances & other Accounts	2,885,568,225	+ 70,728,950
Prepaid Equipment & other Secs.	110,184,465	+ 10,000,101
Notes	5,965,075	+ 1,018,796
Other	107,897	+ 50,955
	5,699,115,009	+ 51,360,098

ISSUE DEPARTMENT

	£	£
Notes issued	11,360,000,000	+ 80,000,000
In Circulation	11,364,034,917	+ 78,282,996
In Banking Department	5,058,075	+ 1,618,796
Assets		
Government Debt	11,015,100	+ 018,002,940
Other Government Securities	4,044,887,000	+ 438,002,940
Other Securities	4,005,177,895	
	11,360,000,000	+ 80,000,000

NOTICE

BANCO DE LA NACION ARGENTINA



US\$25,000,000

FLOATING RATE NOTES DUE 1987

In accordance with the provisions of the Notes, notice is hereby given that for the six-month interest period from 23rd April, 1983, to 23rd October, 1983, the Notes will carry an interest rate of 9 per cent per annum and the Coupon amount per US\$5,000 will be US\$244.64. Interest payment date is 24th October.

DBS-DAIWA SECURITIES
INTERNATIONAL LIMITED
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ISSUE NEWS

Micro Focus 155p per share offer by tender

By Dominic Lawson

Micro Focus Group, a supplier of software development aids for the microcomputer industry, is joining the Unlisted Securities Market through an offer for sale by tender. The company is offering 2,387,800 shares, representing 22 per cent of the ordinary share capital, at a minimum tender price of 155p per share.

About two thirds of the issue will be money raised for the company, and the rest proceeds are estimated at £2.1m.

After four years of losses, Micro Focus made a pre-tax profit of £354,000 in the year to November 1982. No profits forecast accompanies the issue.

At the minimum tender price Micro Focus would be capitalised at £16m, and on an historic fully taxed p/e of 39.

Micro Focus was formed in 1978, and its growth has been based on the development of the power of microcomputers to the level of powerful business tools. In 1978 the company introduced the first of a set of systems programmes which would enable the business language of COBOL previously only used on mainframe computers to be used on microcomputers.

The company claims that it is the principal supplier in the world of systems software to facilitate the use of COBOL on microcomputers. It is the first software company to receive a Queen's Award for Technological Achievement, and in 1982 the company also received a Queen's Award for Export Achievement.

Some 70 per cent of the company's sales are overseas, with the U.S. representing the largest market, followed by Japan. Customers include Intel, Apple, Hitachi, ICL, Ferranti and Honeywell.

The directors do not intend to pay dividends for the foreseeable future. Mr Brian Reynolds, chairman, said yesterday "this is unusual for a UK quoted company, but in Silicon Valley it is the norm."

The offer has been underwritten by Singer and Friedlander, Laurence Prust and Co are brokers to the issue. Application lists will open on May 12 and dealings are expected to begin on May 18.

comment

The reasons for Micro Focus's decision to go public are not entirely clear. It has just surmounted the early years of heavy research and development, and should be cash generative from here on in. As for the need to provide share options for employees: the chief significance of being on the USM is that it will enable those employees to find a ready market if they want to sell. As a USM tender offer, rather than the usual placing method, a profits forecast would have been most welcome, especially as the company is almost half way through its year. But Micro Focus at least "intends" to double its revenue each year, and indeed its prospects, and its list of customers, seem outstanding. For that reason, and more important, because MF is almost a caricature of the USM hot-stock, applicants offering less than £2 a share could well be disappointed.

Hawley Group making £14m 'expansion' call

TO PUT itself in a good position to take advantage of opportunities for expansion, the Hawley Group is making a rights issue to raise some £14m, after expenses. Only on Wednesday the company announced that profits had risen from £2.9m to £5.4m for 1982, and that net assets now exceeded the 200p per share mark.

Shareholders registered April 29 are offered 10.2m shares on a rights basis of one-for-four at 140p each. The issue has been underwritten by Barclays Merchant Bank and the brokers are Capel-Cure Myers.

The directors claim that they intend to maintain Hawley's "excellent growth record" and the purpose of the issue is to strengthen the capital base and eliminate bank borrowings. Part of the monies to be raised will finance Hawley's subscription

to the recently announced rights issue of Electro-Protective.

Provisional allotment letters and circulars containing full details will be posted today. It is expected that new dealings, all paid, in the new shares will start on Monday. Fractions of shares will be sold for the benefit of the company. The new shares will not rank for the final dividend of 1.50p being recommended for 1982.

comment

Ashecroft wants cash—official. Only a week ago Hawley Group subsidiary Electro-Protective launched a £10m rights issue, and associate Kean and Scott's March acquisition of Alpine had already brought £2m of new cash into the Ashecroft Empire. This latest injection will have the effect of putting the whole into a net cash position. Certainly the market currently seems to be subscribing to everything that moves, but Hawley's issue may not just be opportunistic. Mr Ashecroft's aggressive reputation (remember the Miss World down raid?) suggests that the decks are being cleared for something big. One obvious area of great expansion is the U.S. alarm business and that would need cash. The timing of the announcement is odd—two days after the full year results but 10 days before the publication of the report and accounts. But with the rights issue queue jam-packed for the next four months, no one can be choosy. Current outside forecasts that Hawley could make £12m pre-tax this year put the shares on an ex-rights fully taxed and diluted P/E of about 13, although the actual tax charge could be as low as 20 per cent.

Castle (GB) to get USM quote

By Dominic Lawson

Castle (GB), a fast growing distributor of kitchen furniture and bathroom fittings, will shortly make its debut on the Unlisted Securities Market. It will be given a market price tag of about £22.

The company was formed in 1976 by three directors of Thomas Eastmans, the kitchen furniture division of Burco Dean.

During the recession the furniture industry in general has had a torrid time but in the period since 1978 Castle has achieved average annual compound growth in turnover and profit of 80 per cent and about 75 per cent respectively. In the year to July 1982 the group made profits before tax of £900,000 on turnover of £10.2m. For the current year over £1m seems on the cards.

Castle is neither a manufacturer nor a retailer but the furniture and bathroom is branded with its own name. Its exclusive manufacturing source is Rational of West Germany. All the furniture

is manufactured in Cork, Ireland.

Castle executive chairman Mr Bruce Troughton says: "We are in the middle to upper range of the market. Almost all of our products are in the £2,000-£5,000 price range. We have at all times avoided the low price high volume end of the market."

The group particularly prides itself on being able to supply a retailer anywhere in the UK within three days' out of stock. In 1978 Castle launched a range of electrical and gas appliances to complement the kitchen furniture.

Charterhouse Development Capital, part of the Charterhouse Group, made a £237,000 investment in Castle in October 1980, in return for 27 per cent of the equity.

Mr Troughton insists that Castle's success is due to its marketing skills and says: "those skills could well be applied to other businesses."

Two years ago Castle attempted to do this by developing its own

range of bathroom products—in this case its main supplier was Belgian.

Although the bathroom side employs the same size sales staff as the kitchen business, it represents only about 10 per cent of turnover and is not yet profitable.

Mr Troughton admits: "We made one or two mistakes early on when we moved into the bathroom business. In particular we underestimated the time scale of product development. But in three years the bathroom business could account for about a third of our turnover."

He added: "When we come to the USM we will be raising money. We are running short of cash and we need an extra cash injection."

It is likely that about 30 per cent of the equity will be in public hands after the flotation.

American General London listing

American General, the fourth largest publicly owned insurance company in the U.S., yesterday obtained a listing on the London Stock Exchange for its common shares. The move marks the second step of the group's strategic approach to European capital markets with the aims of diversifying its funding sources and giving Albany Life, its UK subsidiary, more presence and prominence.

The fully converted equity total is 131,658,909 shares at an effective market price, after a three-for-one split, of \$83.50 (£14.95) per share. On that basis, the company's UK market capitalisation is £1.45bn and the shares stand on a net asset value equivalent to 11x.

The listing, which cost the group £50,000, was sponsored by Credit Suisse First Boston and S. G. Warburg and the brokers were Rowe and Pitman.

American General, whose main business is in life and property insurance, made its first step into capital markets across the Atlantic last year when it entered into an agreement for a \$100m Eurocredit facility.

Mr Michael Poulos, American General's president, said: "If we were to decide on additional acquisitions in Europe, the listing would perhaps put us in a more advantageous position."

Last autumn, American General purchased NLT Corporation, an insurance group, in a transaction valued at \$1.5bn. That was followed last month by an agreed bid for the insurance interests of Gulf United, which will cost more than \$1.1bn.

"We now feel that the UK would be a good market to expand into, particularly in the life end of the business," said Mr Poulos.

The Gulf United deal will leave American General with annual revenues of about \$4.5bn—nearly twice the 1981 level.

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SPECIAL OPPORTUNITIES	+46.4
PROPERTY	+4.2
INDEX-LINKED	+16.3
MANAGED	+45.0



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FT6/STL

Tyndall Life
Regd. office: 18 Canynge Road, Bristol BS99 7UA. Regd. in England No. 1592032.

Outstanding investment performance crowns 150th year

Highlights from the Statement by Edwin W. Phillips MBE, Chairman of Friends' Provident Life Office.

Worldwide growth

Worldwide annual premiums rose 20% to £39.1m, and new single premiums by 46% to £49.9m. Territorial analysis shows satisfactory progress in almost all areas.

In Australia, once again a significant improvement in new business has been achieved in a highly competitive market. New annual premiums increased by 23% and new single premium by 72%.

In Canada, our subsidiary Fidelity Life continued to make good progress with an increase of almost 50% in new annual premiums. Further expansion in Canada has been achieved through a new 69% controlling interest in Seaboard Life, which also operates out of Vancouver but has licences too in Western American States.

Record Bonuses in Ireland

Despite very difficult economic conditions new annual premium income was maintained at just under IR£4m. Record Ordinary Bonuses at IR£5 per £100 sum assured and new Terminal Bonuses are an indication of the strength of our investment performance.

Outstanding Investment Performance

Apart from our life bonuses our investment record is now publicly measured by independent surveys. The unit price of our UK Managed Pension Equity Fund increased by more than double the rise in the FT-A-All-Share Index and our Mixed Fund rose by over 45%. Our Unit Trust was the leader in 'The Times' Unit Trust Growth Group for 1982.



At a time of record bonuses and excellent investment results it is particularly appropriate that I announce the launch of a comprehensive range of Unit Linked products which will be fully supported in our branches by our unrivalled GLADIS computer system.

Promising future

We continue to look forward with much confidence. We have a strong management team backed by a diligent and efficient staff, and on behalf of all Members I would like to thank them for their sterling and successful efforts in 1982.

The Office could not operate without the continuing support of its intermediaries and agents worldwide and it is my pleasure to conclude by expressing our appreciation for their loyalty.

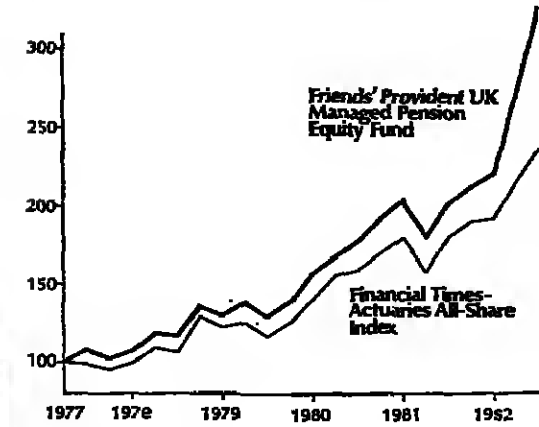
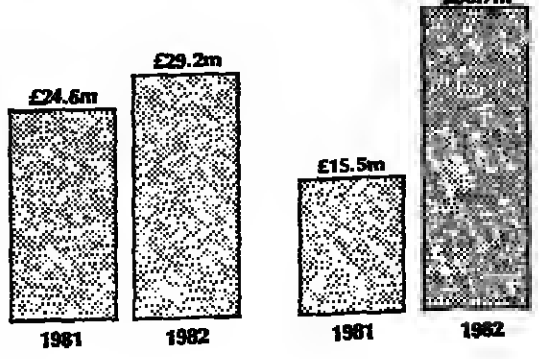
To: Company Secretary, Friends' Provident Life Office, Dorking, Surrey RH4 1QA. Please send a copy of the 1982 Annual Report to:

Name _____
Address _____
F.T.

Record Sales and Bonuses in the UK

New premium income grew by £26m in 1982. Ordinary Bonuses allotted with profit policies were at the highest ever level of £5.25 per £100 sum assured, and Terminal Bonuses out of capital profits were also increased. Our overall competitive position, already strong, has been improved.

UK Premium Income



Friends' Provident

Friends' Provident Life Office, Dorking, Surrey RH4 1QA. Telephone: 0306 885053. Founded 1832. Incorporated by Act of Parliament. Sums assured in UK exceed £3,000m. A member of the Life Offices Association.

A growing international presence

The international consortium which provides a full range of services including short, medium and long term credits, Eurocurrency deposits and foreign exchange dealings, underwriting and distribution of securities.

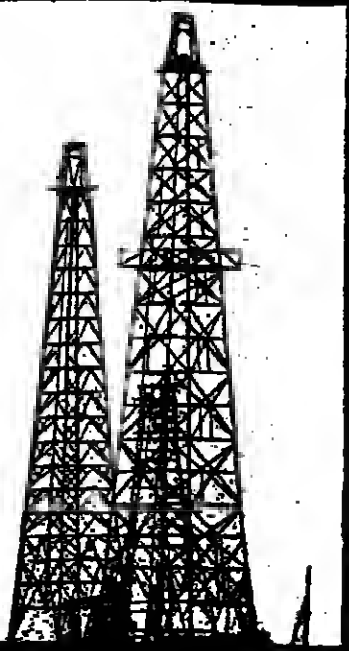
Associated Japanese Bank (International) Limited



29-30 Cornhill, London EC3V 3QA
Telephone: 01-623 5661 Telex: 883661



Crude Oil Futures The Markets, The Prospects



On March 30, 1983, the first day of trading in NYMEX light "sweet" crude oil futures, nearly two million barrels of feedstock were traded on the floor of the New York Mercantile Exchange.

What impact will crude oil futures have on traditional oil economics?
How will different sectors of the oil industry benefit from integrating futures into their overall financial planning?

NYMEX Crude Oil Futures: The Markets, The Prospects

May 18, 1983
The Savoy
Strand
London, England

How can the "crack spread" a unique feature of the New York Mercantile Exchange "Energy Complex" be profitably utilized?

These and other essential questions will be addressed at NYMEX Crude Oil Futures: The Markets, The Prospects, the first strategic roundtable addressing the rapidly growing petroleum futures arena.

Moderated by NYMEX Board Chairman Michel O. Marks, the roundtable will consist of experts in the various areas of the oil industry including: Simon Cowie, Loncomex; David Hurton, PVM Oil Associates; Joe Roeder, Independent Oil Consultant; John Eiding Treat, President of the New York Mercantile Exchange.

There is no fee for this vital and innovative session on the petroleum futures, however, space is limited so if you can join us, please phone reservations to Miss Karen Forsyth, New York Mercantile Exchange 212/938-2218, Telex: 12491 NYMEX. In the UK please phone reservations to Miss Lindsay Attree 01-404-5665.

Registration, Tea and Biscuits: 16:00 Hours
The Crude Oil Futures Programme: 16:30 Hours
Cocktail Reception: 17:30 Hours

APPOINTMENTS

Dowty Group chief executive

Following his retirement, Sir Robert Hunt will be succeeded as chief executive, DOWTY GROUP, on June 1, by Mr Dennis Morgan, who becomes responsible to the board for the group's activities worldwide. Sir Robert, who has been with the group since 1938, continues as chairman of the group board. Mr Morgan joined the group in 1960 and became managing director of the mining division in 1976. He joined the main board in 1977.

Mr C. F. Biewett has been appointed from July 1 a regional director of the Devon and Cornwall regional board of LLOYDS BANK. He recently retired as a joint general manager of the bank after 43 years' service.

United Paper Mills, a Finnish company, has made the following appointments for its subsidiary, SHOTTON PAPER COMPANY: Mr N. Makarainen, chairman; Mr J. Martinen, managing director; Mr K. Lyden, administrative director and company secretary; and Mr O. Parela and Mr L. Haggblom, directors.

Mr Donald G. West has been appointed joint managing director of MODERN METHODS AND MATERIALS, Metherbourne. He was managing director of George Butler of Sheffield for 25 years.

Mr T. N. Rish, governor of the Bank of Scotland, has also been appointed a director of BARCLAYS BANK. Mr R. E. Herve, has been appointed a director of Barclays Bank International.

DORMAN SMITH SWITZGEAR has appointed Mr Ken Horsfield as manufacturing director designate. He will succeed Mr M. D. Hoggett who retires in July. Mr Horsfield is currently works director, Dorman Smith Traffic Products.

Mr Robert J. Montague will remain executive director of TIPHOOK HOLDINGS and all its subsidiaries, including Tiphook Container Leasing Company and Central Trailer Rental Company. Mr Eric Godwin has been

appointed managing director of the holding company and becomes deputy chairman of the subsidiaries. Both Mr H. A. Fane and Mr C. A. Palmer have been appointed to the holding company board and Mr Palmer becomes managing director of Tiphook Container Leasing Company. Mr David Robinson is to be financial director of the subsidiary companies.

Mr D. E. Thompson has been appointed commercial director of Benham and Co. and Mr T. J. Ross becomes managing director of Weber Marking Systems. Both are MCCORQUODALE companies.

Mr R. I. Sloan has retired as deputy chairman of THE BRITISH AVIATION INSURANCE COMPANY. Mr F. R. D. Williams has been elected deputy chairman. Mr Sloan will remain on the board.

Sir John Thomson, chairman, and Mr J. I. Whitehead, have retired as directors of MORLAND AND CO. Sir Humphrey P. T. Pridemore, who was the vice chairman, was elected chairman.

CONDOR EXPORT BUILDINGS, Burton-on-Trent, new managing director will be Mr John Davies, who will combine this post with his current duties as managing director, Conder Midlands.

VIRAX (UK), part of the Facon Tools Group, has appointed a new board, following the retirement of Mr A. Ternett, who was director of Virax (UK), and director of international affairs for the parent company. Mr Garth Fletcher has been appointed managing director. He was general manager of the French parent company. The French parent company has appointed Mr Baris Emine (financial) and Mr Alain Beauchand directors of Virax.

Mr M. V. Manzoni, managing director of R. M. Douglas Construction, has been appointed chairman of a new company, LAKELAND TIMBERS, which has been formed as a result of



Mr Dennis Morgan, chief executive of Dowty Group

the link between Douglas and the Kenning Motor Group to build and market Lakeside Village, a film timeshare development in the Lake District, two miles from Lake Windermere.

Mr H. Ouspring, chairman of the Kenning Group, is joint managing director with Mr Ray Milnes of Douglas. Other directors are Mr J. M. Foster, Mr David Forbes and Mr Bryan Wells, representing Kenning, and Mr John Shaw and Mr Peter Carder representing Robert M. Douglas Holdings. Secretary is Mr Samuel Pedlar of the Douglas Group.

Mr Chris Bayliss has been appointed sales director of BURGESS PRODUCTS COMPANY, Hinkley. He was general sales manager.

Mr Michael Oxley has been appointed chief executive of BLICK INTERNATIONAL SYSTEMS, who is chairman of Blick International Systems and also chairman and chief executive of the holding company, Blick International. Mr Oxley joined Blick International Systems as a sales representative in 1961, and in 1977 became managing director.

Mr N. L. Mallet has resigned from the board of the DORIC REINSURANCE COMPANY to have more time to concentrate on other insurance activities.

Mr John Antill and Mr Christopher Stacey have been appointed to the board of the North American non-marine division of JARDINE GLANVILLE.

At W. CANNING Mr R. Trammans will retire as non-executive chairman on July 1 and be succeeded by Mr Fred Essex, currently deputy group managing director and chairman and managing director of a subsidiary company W. Canning Materials. Mr Essex will be retiring from executive duties at W. Canning at the end of 1983. Dr Brian Ridgwell will be joining W. Canning Materials and be appointed managing director in July. He has held senior appointments with The International Synthetic Rubber Company, Brent Chemicals International and Enoxy Chemical.

Mr I. D. Cooper has been appointed a manager of BARING BROTHERS AND CO.

Mr F. R. Bellfield, Mr R. M. O'NEIL, Mr T. V. Partridge, Mr E. Sellers and Mr J. D. Thunhurst will become shareholders of LAING AND CRUICKSHANK, stockbrokers, from May 7.

Dr Ivan Dunstan has been appointed standards director of the BRITISH STANDARDS INSTITUTION. He is at present director of the Building Research Establishment at Garsdon, Watford. In his new post Dr Dunstan will be responsible for the technical aspects of BSI's national and international standards programme which covers some 8,500 standards projects ranging from computers to chemicals.

Mr Robert E. Elborne has been appointed a director of the LEICESTER BUILDING SOCIETY. He is a solicitor and is a consultant to Elborne Mitchell and Co which be

Mr Charles Potts, Mr Peter Franklin, Mr Graham Stevens and Mr Raymond Williams will be joining the partnership of KETHLEY, BAGLEY, ROGERS & CO, stockbrokers, on May 8.

Mr Peter Andrews has been appointed managing director of GODIVA FIRE PUMPS, a member of the SFP GROUP, from Mother & Platt where he was director, UK regional operations, fire engineering.

Mr Michael J. Beasley has been appointed to the board of MITCHELL COTTS. Mr Beasley is chief executive of Howard Humphreys Group, which was acquired by Mitchell Cotts in December 1982.

Mr Peter Goldman has been elected president of the BUREAU EUROPEEN DES UNIONS DE CONSOMMATEURS (BEUC)—the consortium of consumer organisations in Common Market countries. The director of Consumers Association, since 1964, Mr Goldman is the first British president of BEUC.

UNITED AND STRONGER

We are pleased to announce that Bremer Landesbank and Staatliche Kreditanstalt Oldenburg-Bremen - two northern German financial institutions with a long and distinguished banking heritage - have merged to form:

**Bremer Landesbank
Kreditanstalt Oldenburg Girozentrale**

Clients will benefit substantially from the combined facilities and financial capacity of two public-sector banks that have worked closely together over the years. With total assets of the two founding banks aggregating some DM 20 billion, it ranks among West Germany's large financial institutions.

Bremer Landesbank Kreditanstalt Oldenburg is a regional universal bank offering a wide range of wholesale commercial and investment banking services. It is authorized to issue its own

bonds, many of which are in the portfolios of international institutions.

Moreover, the Landesbank acts as a clearing bank and liquidity manager for a network of Sparkassen (local universal banks) with more than 600 outlets in key areas of northern Germany. Operating in a region traditionally active in international business, the Landesbank is an excellent partner for trade finance.

Bremer Landesbank Kreditanstalt Oldenburg is directly linked to the German Savings Banks Organization, West Germany's largest banking sector with over 50 percent of the nation's total savings deposits.

Our combined strength in figures

Business volume	DM 21.7 billion
Total assets	DM 19.9 billion
Credit volume	DM 18.6 billion
Capital and reserves	DM 433 million
Staff	1,300



Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -

D-2800 Bremer1
Domshof 26 - West Germany
Tel: (421) 3 66 81 - Telex: 2 44 448 gshb d
SWIFT Code: BRLA DE 22

D-3900 Oldenburg
Markt - West Germany
Tel: (441) 23 71 - Telex: 2 58 72 gmd d
SWIFT Code: BRLA DE 33

D-2940 Wilhelmshaven 1
Vierhöfstrasse 21 - West Germany
Tel: (4421) 4 30 53 - Telex: 2 53 307 gwhv d
SWIFT Code: BRLA DE 34

BASE LENDING RATES

A.B.N. Bank	10 %	Grindlays Bank	110 %
Al Baraka International	10 %	Hambros Bank	10 %
Allied Irish Bank	10 %	Heritable & Gen. Trust	10 %
Anro Bank	10 %	Hill Samuel Bank	10 %
Henry Ansbacher	10 %	C. Hoare & Co.	10 %
Arbuthnot Latham	10 %	Hongkong & Shanghai	10 %
Armed Trust Ltd.	10 %	Kingsnorth Trust Ltd.	11 %
Associates Cap. Corp.	10 %	Knowles & Co. Ltd.	10 1/2 %
Banco de Bilbao	10 %	Lloyds Bank	10 %
Bank Hapoalim BM	10 %	Mallinall Limited	10 %
BCCI	10 %	Edward Manson & Co.	11 1/2 %
Bank of Ireland	10 %	Midland Bank	10 %
Bank Leumi (UK) plc	10 %	Morgan Grenfell	10 %
Bank of Cyprus	10 %	National Westminster	10 %
Bank of Scotland	10 %	Norwich Gen. Tr.	10 %
Banque Belge Ltd.	10 %	P. S. Refson & Co.	10 %
Banque du Rhone	11 %	Roxburgh Guarantee	10 1/2 %
Barclays Bank	10 %	Royal Trust Co. Canada	10 %
Beneficial Trust Ltd.	11 %	Steuernburg's Bank	10 %
Bremer Holdings Ltd.	11 %	Standard Chartered	110 %
Brit. Bank of Mid. East	10 %	Trade Dev. Bank	10 %
Brown Shipley	10 1/2 %	Trustee Savings Bank	10 %
Canada Perm. Trust	11 %	TCB	10 %
Castle Court Trust Ltd.	10 1/2 %	United Bank of Kuwait	10 %
Cayzer Ltd.	10 %	Volkswagen Int. Ltd.	10 %
Cedar Holdings	10 %	Westpac Bankers Corp.	10 %
Charterhouse Japhet	10 %	Whiteaway Laidlaw	10 1/2 %
Choulatons	10 %	Williams & Glyn's	10 %
Citibank Savings	110 %	Winttrust Secs. Ltd.	10 %
Clydesdale Bank	10 %	Yorkshire Bank	10 %
C. E. Costes	10 1/2 %		
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10 1/2 %		
Exeter Trust Ltd.	11 %		
First Nat. Bn. Corp.	12 1/2 %		
First Nat. Secs. Ltd.	12 %		
Robert Fraser	10 1/2 %		
Guinness Mahon	10 %		

CNT

Caisse Nationale des Télécommunications

U.S.\$250,000,000

Floating Rate Notes due 1991

For the six months
6th May 1983 to 7th November 1983
the Notes will carry an
interest rate of 9 1/4% per annum,
with a coupon amount of US\$475.35.
Interest payable on 7th November 1983.

Bankers Trust Company, London

UK COMPANY NEWS

Recovery at Garnar Booth in second half

A sharp recovery in the second six months enabled tanner and leather manufacturer Garnar Booth to return pre-tax profits of £1.12m for the full year to January 31, 1982, compared with £811,000 previously.

The group fell by £380,000 in the opening half but with some "encouraging signs" the directors hoped the second half would show a reasonable improvement.

Full year turnover rose from £45.28m to £50.36m and at the trading level profits came through at £3.7m, against £2.72m. These were subject to charges totalling £2.58m (£1.91m for depreciation, interest and directors' emoluments).

The dividend is being increased to 6.6p (6.4p) net by an enlarged final of 4.25p. Basic earnings per 25p share totalled 15.84p (£8.91p) and fully diluted 15.89p (£8.95p).

Available profits emerged at £796,000 (£223,000) after taking in a tax credit of £7,000 (£207,000 debit) and deducting £227,000 (adding £319,000) for extraordinary items.

Fleming Far East. payout beats forecast

A higher than expected final of 2p net has been declared by Fleming Far Eastern Investment Trust for the year to the end of March 1983. Although the payment is down on last year's final of 3.3p, it compares with a forecast in April 1982 of 0.7p. The total for the year is cut from 4.7p to 3.5p.

The increase is because of higher than expected franked income during the transition, say the directors, and also to favourable exchange rate. In April 1982 they said that a change of investment policy would lead to a reduction in earnings and dividends.

The dividend for the current year is forecast by the directors to be a total of not less than 1.5p per share.

Profits before tax for the year under review amounted to £3.45m compared with £4.02m. Tax amounted to £1.32m (£1.37m) after which earnings per share were shown as rising from 5.04p to 3.39p.

Net asset value per share was shown as rising from 151.7p to 220.7p.

Gross income fell from £4.04m to £3.38m. Other unfranked income came to £220,000 (£229,000) and management expenses rose from £206,000 to £250,000. Interest charges increased to £24,000 (£28,000).

Electra Inv. moves ahead to £5.18m

An increase of 10.66 per cent in attributable profits from £4.68m to £5.18m has been shown by Electra Investment Trust for the year to the end of March 1983. Gross revenue improved from £10.66m to £12.85m.

An increased final net dividend of 1.76p (1.6p) has been recommended, which raises the total from 3p to 3.3p. Earnings per 25p share are given as rising from 3.15p to 3.85p.

Net asset value increased by 40.5 per cent from 72.99p for the comparable period to 102.51p. At the six months stage the figure was 78.08p.

Dividends absorbed £4.91m compared with £4.46m.

The company is 26.38 per cent held by Globe Investment Trust, and is a member of the Electra House Group of companies.

Baltic Leasing offer for W. Coast Texas

A new suitor has emerged for West Coast and Texas Regional Investment Trust following last month's £4.23m bid from the English Association.

Recently Leasing Group, a specialist leasing group which is traded on the Unlisted Securities Market, announced yesterday that it intends to make a bid which values West Coast's share capital at £5.3m, subject to the approval of Baltic's shareholders at an Extraordinary General Meeting to be held on May 20.

Baltic owns 145,000 shares in West Coast, 4.5 per cent of the equity. The English Association has undertaken to accept Baltic's offer in respect of the 31.5 per cent stake it owns.

West Coast's board accepted a unification proposal from Arbutnot Securities.

Baltic's bid involves the offer of 72 of its ordinary shares of 5p each for every 100 shares of 10p each in West Coast it does not already own. As a cash alternative, it is offering £160 for every 100 shares of 10p each in West Coast. Both options also include an additional consideration, which will be worked out on a formula based on the relationship of Baltic's share price to West Coast's net asset value per share on the offer's first closing date, or on the date when the offer becomes unconditional.

Baltic, which has arranged and managed leases since 1977, came to the USM last December, at which time 1,875,000 shares were placed at a price of 108p per share. At that time, the company forecast a pre-tax profit of £1.5m for the year to July 1983. At its interim stage, Baltic made £887,000 before tax. Mr Michael Giddard, the chairman, has stated "Subject to unforeseen circumstances, we expect the full year's trading profit to exceed that originally forecast."

The Takeover Panel has agreed that the English Association will not have to proceed with its compulsory offer for the rest of West Coast once West Coast shareholders have been informed of the Baltic offer. West Coast's share price rose 9p to 156p following the announcement, while Baltic's slipped 10p to 240p.

Davstone boosts Regalian holding to over 61%

Davstone, a company beneficially owned by Mr David Goldstone, chairman of Regalian Properties, has acquired from First National Industrial Trust, its holding of 1,857,551 Regalian shares, or 61.51 per cent of the share capital, at 47p per share.

Including the shares already owned by Mr Goldstone and his immediate family the acquisition takes the combined holding to 61.59 per cent of Regalian and creates an obligation to extend an offer on the same terms, to the remaining shareholders of Regalian.

Accordingly, Barclays Merchant Bank, on behalf of Davstone, will be making an appropriate offer, the document of which will be posted to Regalian shareholders shortly.

The offer document will include an estimate of pre-tax profits for the March 31 1983 year, and a letter from Mr Robert Peardeux, director of Regalian, who has been asked by Davstone to act as broker and financial adviser. Both Mr Peardeux and Smith Keen Cutler strongly recommend shareholders to accept the offer by taking no action.

Davstone says it intends to maintain the listing of Regalian's shares, subject to Stock Exchange consent.

Mr Goldstone, First National Finance Corporation and Regalian have had a relationship since the early 1970s when Regalian agreed to acquire from First National on deferred terms a substantial property portfolio. Despite the best efforts of all parties involved, the weakness of the property market and the obligations imposed on Regalian by this acquisition inhibited Regalian's growth during the 1970s, it is stated.

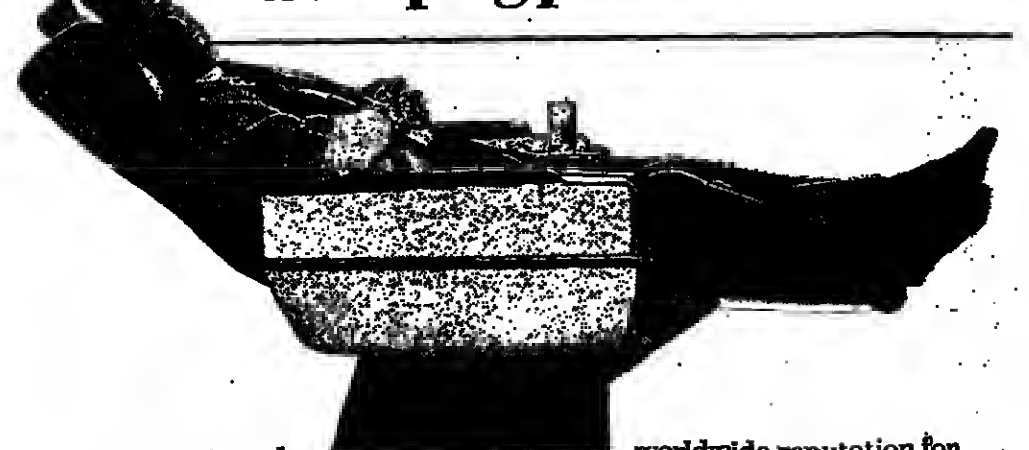
The agreement with First National was terminated in 1982, leaving First National with a shareholding and board representation in Regalian, but with no other involvement in the company.

COMMON BROTHERS

Common Brothers has bought for a nominal consideration a 50 per cent holding in Common Gas Inc, which has agreed to purchase two LPG carriers (David Gas and Simon Gas) for some \$13.55m on a bid to be financed by bank loans. Both vessels have been chartered out to a substantial U.S. charterer for a minimum three and a half years at a profitable rate.

The calculated profit of CGI will be £1.5m average per annum for the duration of the time charter. After 3 1/2 years charter period the bank debt will have been reduced to some 20 per cent of the original purchase consideration.

Japan Air Lines have a first class opportunity for a sleeping partner.



When you travel First Class on Japan Air Lines you can lie back and relax.

Our unique Sky Recliner Seat, with its sumptuous padding from head to toe, reclines to a full 60° for a really restful sleep.

We also offer all the other little extras that make a long flight more enjoyable.

Complimentary drinks with a superb choice of international menus.

And first class hospitality with all the care and attention to detail that have given Japan Air Lines its worldwide reputation for excellence.

Combine that with our daily flights from Heathrow to Tokyo and you combine the best of all possible worlds.

For more details, contact your local travel agent.

The longer the flight, the more the details matter.

JAPAN AIR LINES

BIDS AND DEALS

Exco tightens links with B & C Shipping

Exco International, the fast-growing money broking operation, has agreed to acquire a 50.1 per cent stake in Gartmore Investment Management from The British and Commonwealth Shipping Company. At the same time Exco is acquiring a 42.5 per cent interest in a newly-formed venture capital subsidiary of Cayzer Gartmore (itself part of B & C) to be managed by Gartmore.

The deals bring Exco and B & C closer together. The total consideration will be 1.6m Exco shares taking B & C's stake in the money broking company to 18.3 per cent.

The remaining 49.9 per cent of Gartmore will continue to be held by Cayzer Gartmore.

Both B & C and Exco believe that "important advantages" will accrue to both companies—in Exco's case diversification into fund management will broaden its base of activities in financial services while B & C sees the deal as an opportunity to develop its interests in this area.

The international fund management activities of Gartmore will be expanded, particularly in the Far East and in the U.S.

Mr Geoffrey Adkin, a director of B & C, is to join the board of Exco as a non-executive director and Mr Campbell Allan, a non-executive director of Exco, will join the board of Gartmore and of Cayzer Gartmore.

Mr Adrian Collins, formerly managing director of the company's unit trust operation, will become managing director of Gartmore, and Mr John Gunn, managing director of Exco, will join the board of Gartmore and of Cayzer Gartmore.

Lord Cayzer will be chairman of the venture capital company which will have 50m of cash or other investments at an agreed value.

After adjusting for the consolidated profit before tax and extraordinary items of Gartmore was £1.5m for 1982. Net

For the technically minded.

Choice of 19 standard systems with 4 compatible CPUs based on TI's 9900 family of processors.

Designed for powerful multi-user, multi-tasking operations enabling applications to be run concurrently with development in all major programming languages.

Complete software compatibility between systems provides upgradeability options unequalled in the mini-computer market.

Uses custom LSI and 64K DRAM technology to give up to 170% performance of the previous DS990 range.

Mass memory options include a choice of Winchester, cartridge or removable disk storage with floppy, hard disk and tape backups.

Processor features include: On-board real-time clock, Integer hardware multiply/divide, Power fail/auto restart logic, 16 vectored interrupts, 16 extended operations (XOPS), CRU BUS for decoding input and output lines and self-test diagnostics.

Communications options include 2780V, 3780, IBM SNA, and X.25 protocols.

Backed up by a network of highly trained TI technical support and service engineers.



Bass sells three hotels in £7m deal

By Charles Batchelor

Bass, brewing and hotels group, has sold three hotels in London, Birmingham and Leicester to the privately owned Gomba Group in a deal worth about £7m.

The sale completes the rationalisation of Bass's hotel interests following the acquisition of Coral Leisure Group in December 1980.

Gomba, the trading, industrial and hotels group owned by Mr Abdul Shamji, a wealthy Ugandan Asian businessman, plans to spend about £3m on refurbishing the hotels involved.

They are the 320-room Wembley Crest Hotel in West London, the 200-room Crest Hotel, Birmingham and the 320-room Centre Hotel, Leicester. Gomba plans to rename the hotels as part of its International chain.

Bass has disposed of a number of hotels following its purchase of Coral Leisure, including the St James's, the West Centre, the Kentworth and the Bedford Corner.

ANGLO AFRICAN

Negotiations are in progress which may lead to an offer for the ordinary shares of Anglo African Finance at a level in excess of the current market price. A condition of such an offer, if it were to materialise, would be that a bid of 14p per ordinary share would be procured for Dewhurst Dent, an associate of AA. No offer is contemplated for any other of the listed associates of AA either in the UK or South Africa—namely, Antrobus Inv Co (SA), Antolux, Cap-Auto Inva, General Tire and Rubber Co (SA), E. W. Tarry, Williams Hunt South Africa.

A further announcement will be made as soon as possible.

SUI EXTENDS OFFER

Scottish United Investors' offer for the Edinburgh Investment Trust has been extended. Acceptances have been received as follows: 131.51m SUI ordinary (73.2 per cent) and 1.28m SUI preference (68.6 per cent).

J. SAVILLE GORDON

J. Saville Gordon Group has exchanged contracts for the purchase from Richard Costain Properties of the leasehold interest in 22 shops with residential accommodation, forming the shopping precinct known as "The End", Knebworth, Warwickshire. Consideration will be £557,500 in cash, 10 per cent having been paid. Net annual income is £51,216.

H AND C/LUNUVA

Terms have now been agreed for the acquisition by Harrison and Crossfield of the outstanding stock units in Lunuva (Ceylon) Tea.

The consideration will be an amount in cash equal to the net asset value per stock unit as at the date on which the High Court sanctions the scheme and in accordance with a set formula. (It is estimated that the net on April 29, 1983 would have been approximately 47p).

NOTICE TO HOLDERS OF Banco Central de Costa Rica U.S. \$50,000,000 Floating Rate Notes 1985

Notice is hereby given of payments of the following amounts of interest outstanding on the U.S. \$50,000,000 Floating Rate Notes 1985 (the "Notes") of Banco Central de Costa Rica (the "Bank"). In accordance with previously observed arrangements for the payment of periodic instalments of interest due on the Notes, funds have now been received by the Fiscal Agent from the Bank which enable the balance of the amount owing in respect of Coupon No. 3 attaching to the Notes, due in December, 1981, to be paid to the holders thereof and which enable a payment of U.S. \$1.80 to be made in respect of each Coupon No. 4 due in June, 1982. These Coupons should, unless previously lodged with Paying Agents together with payment instructions be presented to the Paying Agents for payment purposes.

It is not intended to publish separate notices in relation to subsequent instalments in respect of Coupon No. 4 prior to payment of the final instalment in respect of such coupon. However, details of instalments, when received, can be obtained from Paying Agents, with whom Coupons may be lodged together with payment instructions in respect of amounts payable on such Coupon.

European American Bank & Trust Company
as Agent for Banco Central de Costa Rica

Fiscal and Paying Agent
European American Bank & Trust Company
10 Hanover Square, New York, N.Y. 10005

Paying Agents
European Banking Company Limited
150 Leadenhall Street, London EC3V 4PP

International Genossenschaftsbank A.G.
Aeschengraben 12, 4051 Basel

Société Générale
29 Boulevard Haussmann, 75009 Paris

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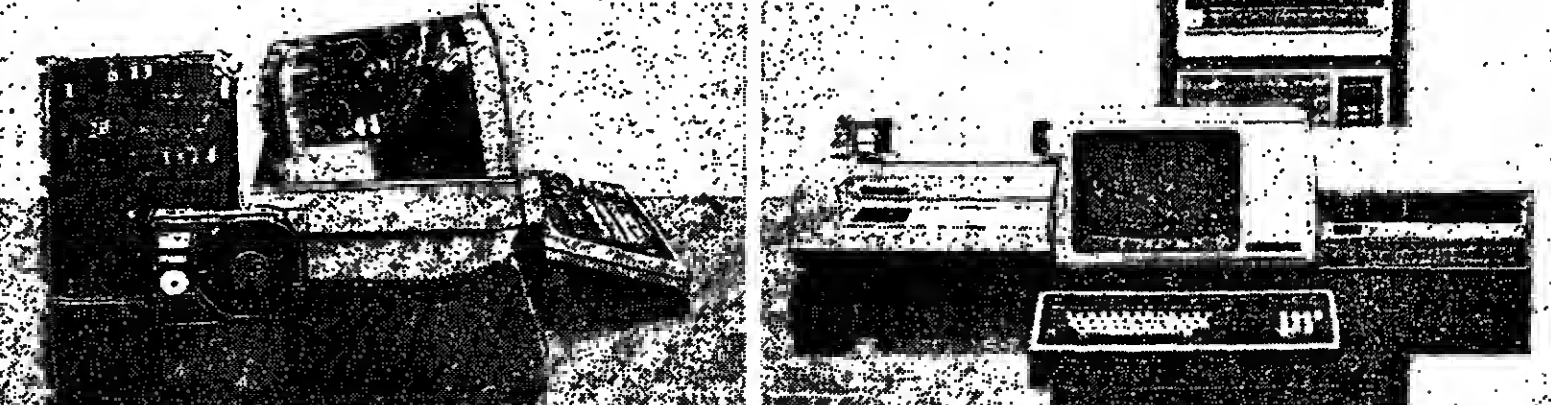
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THE PROPERTY MARKET BY MICHAEL CASSELL

Slough to lose Rank Xerox

RANK XEROX is moving out of Slough, leaving nearly 190,000 sq ft of vacant office and warehousing space behind it.

The decision follows the recent announcement that the group is to develop a new international operations centre at Globe Park in Marlow, Buckinghamshire.

The removal of such a major space occupier will provide a tough test for the local market, a popular office location on the edge of London but one which has nevertheless suffered from the recession.

It also emerged this week that Ranks Rovers McDougall is trying to find a tenant for Westpoint, its 55,000 sq ft office building in The Grove. RHM pays £668,000 a year but a rent review is due soon. Elsewhere in Slough, several new schemes are also available for tenants.

The international arm of Rank Xerox has asked Goddard & Smith to secure a new tenant for Key West, the 70,000 sq ft office building on Windsor Road—formerly Calor House—which it only acquired at the end of 1982. The landlord, as in the case of Westpoint, is London and Provincial, which has a much wider interest in the health of Slough.

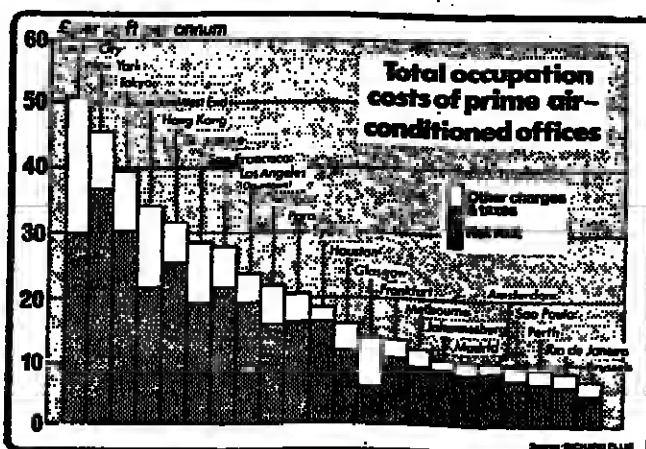
Rank intended to move into Key West and vacate neighbouring Observatory House, the

52,000 sq ft block where MEPC is the landlord. Now Observatory House is to go as well, at an asking rent of £12 a sq ft, the figure agreed on a recent review. Goddard & Smith are seeking £10 a sq ft for Key West.

At the same time, Rank Xerox's UK operating company is seeking a tenant for its distribution centre on Bath Road, which comprises 47,000 sq ft of warehousing space and 17,000 sq ft of offices. The decision follows a reorganisation of distribution services.

Lionel Prodders of Goddard & Smith says the two office properties offer good, modern accommodation at rentals which compare well with some other space on offer locally. He was, no doubt, thinking of London and Provincial's own office scheme, nestled between Key West and Observatory House, just being completed and on the market at about £13 a sq ft. London and Provincial is also finishing work on phase one of Edinburgh House, which will add another 24,000 sq ft to the local stock of office space.

As for Rank Xerox, the departure from Slough forms part of the hard-pressed group's recent all-round contraction. It still has, however, about 130,000 sq ft of office space in the Euston Centre, 50,000 sq ft in New Oxford Street and 84,000 sq ft at Aylesbury.



City stays on top

THE PROVERBIAL waste paper basket still costs more to accommodate in the City of London than in any of the world's other principal office locations.

That, at least, is the conclusion drawn by agents Richard Ellis in their latest survey of world office rentals and occupation costs.

That is, a square foot of prime office space in the City costs around £30 in rent, onto which the occupier can add a 15 per cent service charge and 55 per cent in rates. The resulting total occupation cost of £51 a sq ft compares with just under £46 a sq ft in New York (where top rents are running at nearly £27 a sq ft) and a little over £39 a sq ft in Tokyo. London's West End comes in fourth with total occupation costs of £43.65 a

sq ft. The most significant conclusion to be drawn from the latest survey is just how little rentals have risen since the last exercise was conducted at the end of 1982. Neither London nor New York have registered any rental growth and it has been left to Tokyo to show some modest increase in prevailing rent levels.

Hong Kong, which comes in fifth in the international league table, has recorded a HK\$3 a sq ft fall in rents to HK\$23 a sq ft. Singapore rents have also edged slightly lower.

Bottom of the table is still occupied by Brussels, where an EEC waste paper basket will cost a total of £7.20 to accommodate. Developers there might be better off making waste paper baskets.

Queuing up for 'lock-ups'

THE DISNEYLAND band stores its uniforms in them, baseball teams load their kit into them and the average American family—with four tons of household belongings—hoards anything and everything in them.

They are mini-warehouses, the organisation which operates them in over 300 locations across the United States is Public Storage Incorporated and, next month, a number of British pension funds will be queuing up to invest in them.

The thought of investors putting their money into lock-up store rooms where tenants can take 25 sq ft of space upwards from \$11 a month and leave without giving notice might be more than some fund managers can bear, but if it is good enough for the likes of Atlantic

Richfield, Westinghouse and Merrill Lynch, there must be more to it.

There certainly is, according to B. Wayne Hughes, co-founder and president of PSI who this week took tea (Ceylon) at the Savoy to spell out the Public Storage success story.

Hughes and his colleagues began building warehouses about ten years ago and in 1979 they realised the potential for retaining prime parcels of undeveloped land for long-term appreciation while generating cash yields during the holding period.

According to Hughes, the nationwide chain of orange-painted lock-ups has become nothing less than a "cash machine." PSI finds the land, often on the edge of a freeway, obtains the relevant permits,

gets an investor to take it on and takes a minimum 8 per cent and maximum 25 per cent share in the income.

"We achieve the same rent per square foot as on an apartment building and yet they cost less than half as much to develop. The warehouses are up in four months and they break even at 30 per cent occupancy. Our average is 95 per cent."

"There is a limited entrepreneurial development risk but the yields can be spectacular. First-year returns average 5 per cent, rising to 10 per cent in year two. No storage centre over six years old is showing anything less than a 20 per cent cash yield, never mind the capital growth."

About 40 per cent of the company's total storage space goes to corporate customers, with the rest taken by individuals.

Hughes says the bad debt ratio is tiny "because we've got their stuff."

So far, PSI has raised nearly \$500m from American investors and last year it launched in the UK its Public Storage U.S. Property Trust, to which 23 British funds—including BP Pension Trust and Allied-Lyons—subscribed. The Trust started with \$11m and is administered by Henderson Pension Fund Management. Debenham Tewson and Chinnocks select investments from the PSI portfolio.

The next dealing day will be in June and a unit price will shortly be fixed. A year ago they started at £1.000 (minimum investment 100 units) and this March stood at £1.154.

Hughes says a report has been called for on prospects for extending the operation to the UK. Stand by with the jumble.

New Cavendish gets sale approval

MORE THAN four months after agreeing its most significant property sale to date, and three months after completing it, New Cavendish Estates this week finally got round to gaining the necessary shareholder approval.

The £2.6m sale of 12, Princes Street on the corner of London's Hanover Square to the Italian-owned GD Services leaves New Cavendish with pro-forma net tangible assets of £29m. Stock Exchange listing requirements specify shareholder approval for a "substantial" share of a

company's assets.

There was a certain inevitability in the result of the shareholders' meeting. John Everitt, ex-Hammerson, and chairman and managing director of New Cavendish, has a 26 per cent equity stake in the company while its former parent—Gresham House, with Everitt and his two co-directors on the Board—holds another 38.35 per cent.

The rationale for the sale was straightforward enough. Everitt, who specialises in restoring old buildings, bought the leasehold

of the 10,500 sq ft Princes Street building in December 1980. He added the freehold for another £380,000 nine months later and spent £700,000 (before interest costs) on refurbishing it by last September.

At the time of the deal the building was earning no income. GD Services came along as a potential occupier just when Everitt could see the letting market getting worse. "We didn't particularly want to sell it," he says, "but the price was close to what a pension fund would have paid

for a fully let investment."

The deal produced a realised surplus of £400,000 before capital gains tax, and reduced the company's short and medium term borrowings by £2 and £1 per cent respectively into the bargain. "Everitt reckons he is now set up for the next stage of the property market cycle. "There is an enormous weight of property coming on to the market," he says, "lots of unlet buildings and very juicy opportunities."

WILLIAM COCHRANE

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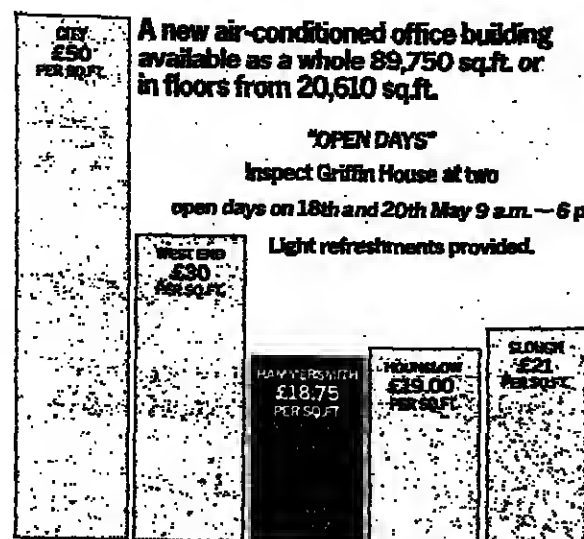
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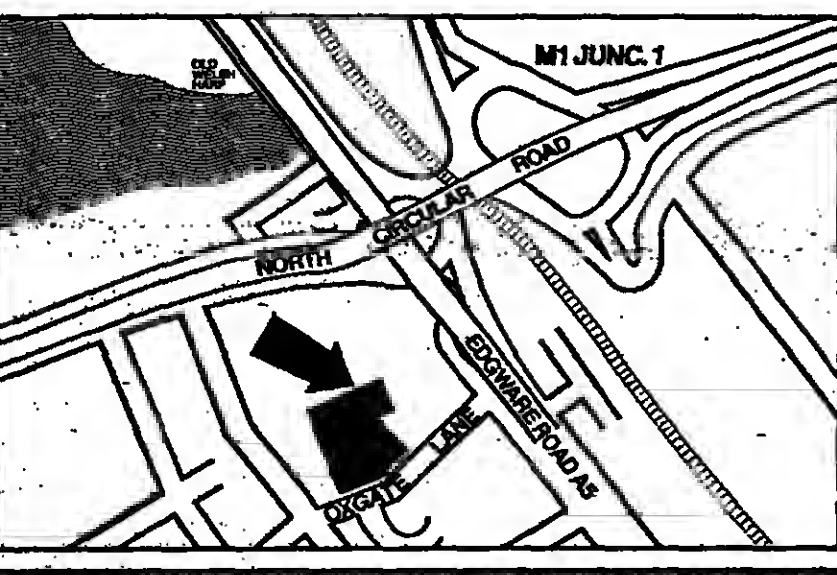
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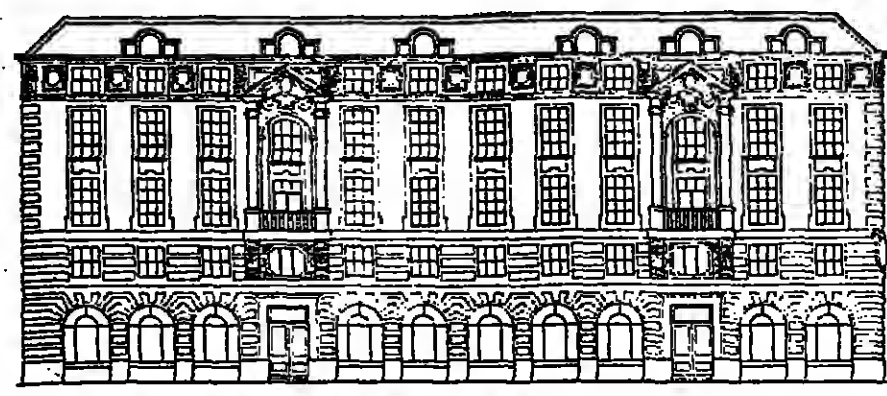
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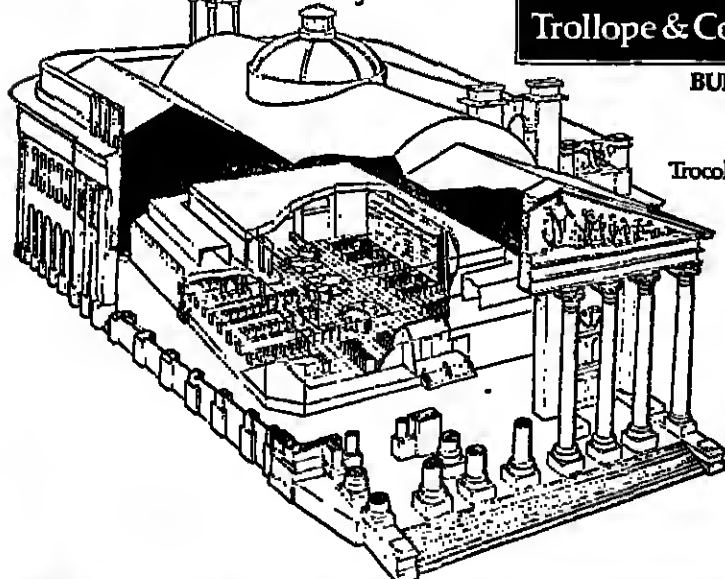
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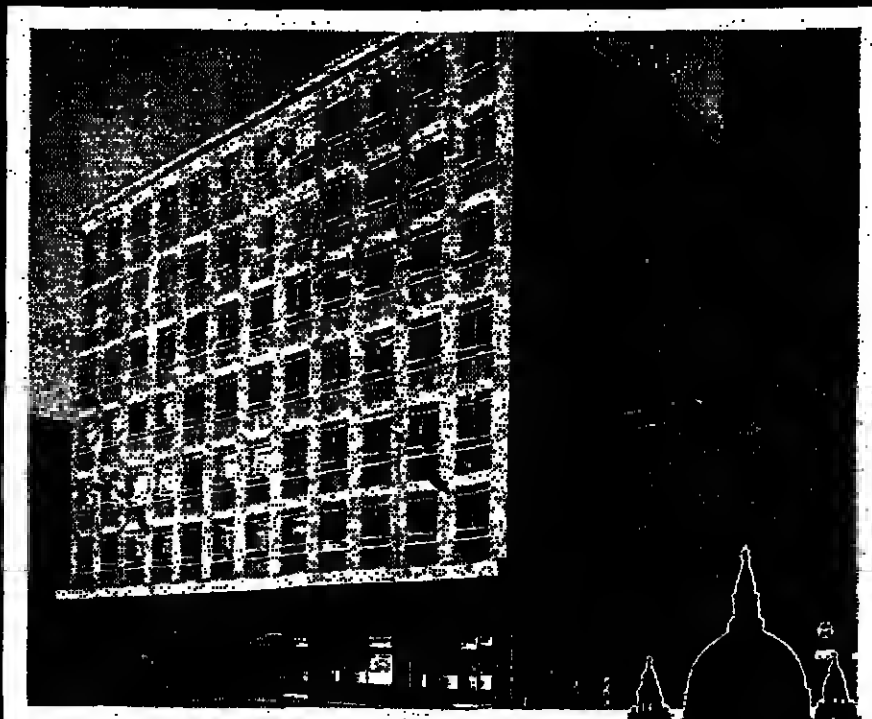
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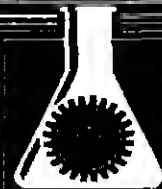
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ET INTERNATIONAL BOND SERVICE

May 6, 1983

Friday May 6 1983

Date set for
\$ trading in
sugar, Page 41

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WALL STREET

Interest rate
hopes lift
equities

THE SHARP falls in borrowing rates recorded at the latest auctions of U.S. Treasury securities continued to boost investment confidence on Wall Street yesterday, writes Terry Byland in New York.

There was good demand for longer dated Treasury bonds ahead of the auction of \$3.75bn in 20-year bonds planned for late in the trading session.

The confidence of the debt markets kept equities very firm and the Dow Jones Industrial Average closed 7.07 points ahead at 1219.72.

The success of Wednesday's auctions, which produced the lowest yield on 10-year notes for the past four years, confirmed market belief that further falls in interest rates are close at hand.

Market professionals hope to see a further fall in money supply in today's official statistics and will then look for an early cut in the discount rate the Fed charged on loans to the banks by the Federal Reserve.

Busy trading in equities saw share prices moving somewhat erratically.

The strongest features were again in rail stocks where renewed investment buying pushed the transport sector index up by 18.20 to a new peak of 547.57.

Eastman Kodak fell \$1% to \$78 1/4 in renewed response to the slump in earnings in the first quarter and also has the doubtful distinction of heading the list of active stocks with a turnover of 2.1m shares.

Over the full range of the market, 1,183 shares showed gains against only 475 recording declines, a clear indication of underlying bullishness. A total of 108.2m shares were traded, an increase over the previous day.

Rail stocks were led forward again by CSX, \$1 1/4 up at \$64 1/4, and by Union Pacific which, still benefiting from recommendation by a leading investment banker, added a further \$1% to \$57 1/4. Norfolk and Southern jumped \$1 1/4 to \$58 1/4.

Chrysler remained strong at \$27, a net \$1 1/4 higher after the news that it is to make its first public bond issue for 10 years.

Other car manufacturers continued to move up, helped by the latest sales figures from the industry. General Motors put on \$1/4 to \$70 1/4, and Ford at \$50 1/4 gained a similar amount.

Airline issues again benefited from industry reports of increasing passenger traffic. Delta gained \$1/4 to \$45 1/4 and UAL put on the same amount to stand at \$34 1/4.

But the brightest spot was Pan American, which rose by \$1/4 to \$57 1/4 in active trading after announcing that it was

doubling its planned debt issue to \$100m.

Oil shares were generally easier despite favourable review in the investment press. Exxon shed \$1/4 to \$35 1/4, while Standard Oil of California, a recent favourite, fell \$1 1/4 to \$38.

Weak spots among the domestic producers included Standard Oil of Indiana, \$1 1/4 off at \$45 1/4, and Phillips Petroleum, \$2 1/4 lower at \$32 1/4.

Profit-taking among high technology issues left IBM 1/2 down at \$117 1/4 and Honeywell 1 1/4 lower at \$117 1/4.

Shares in Sears Roebuck, the Chicago based retail group added \$1/4 to \$40 1/4 after the news of a joint venture with First Chicago, the banking group.

A lower Federal Funds rate of 8.5 per cent helped credit markets at first but the rate was soon back to 8 1/2 per cent. The interest lay as the longer end where the benchmark 10 1/2 per cent of 2012, which featured in the day's auction, was bought up to 101 1/2 early in the session.

Yields on Treasury bills were slightly above those reached late on Wednesday. The three month bill stood at a discount of 8.02 per cent with the six month at the same discount.

Stocks continued their upward drive in Toronto, with much of the impetus coming from the oil and gas sector, which has lagged behind the recovery in the rest of the market. Golds and other metals were also strongly ahead.

The pattern was repeated in Montreal where, of the major sectors, only papers registered a decline.

LONDON

Uncertainty
ahead of
poll result

THE UNDERTONE in London showed signs of increasing uncertainty as investors waited for the outcome of yesterday's local council elections, which are expected to have a bearing on the Government's timing of a general election.

Overall trading conditions were thin and sensitive and leading industrialists presented a distinctly mixed appearance at the close of business. Sentiment at the outset was clouded by a sharp reaction in oil shares following reports - subsequently discounted by Middle East sources - that Iran is selling crude oil to Japan at \$2 below the Opec benchmark.

The reaction in oils proved short-lived, with quotations rallying strongly to close well above the worst.

British Petroleum, down to 38 1/4 at the outset, rallied to 38 1/2, just 2p cheaper on balance, helped by the chairman's encouraging statement at the annual meeting. Shell finished 4p off at 48 1/2, after 48 1/2. I C Gas, however, closed at the day's lowest level of 19 1/2, down 8p. Elsewhere, Global Natural Resources gained 7 1/2 to 47 1/2 on Canadian advances.

Genuine investment interest was at a low level and many of the movements in the leaders reflected the thin conditions prevailing, with jobbers willing to follow buyers or sellers. Above average rises in Bowater, Cadbury Schweppes, BICC and Marks and Spencer between them accounted for more than the rise of 5.2 to 895.0 in the closing Financial Times Industrial ordinary share index; at 10 am, this measure showed a loss of 4.8.

The bid scene was enlivened by a rise of 2 1/2 to 21 1/2 in Thomas Tilling on hopes of a higher offer from BTR following Tilling's dividend and profits forecast in its aggressive defence document.

Government stocks passed another quiet trading session. Slightly easier money market rates saw marginal improvements in the shorts, but longer-dated stocks fluctuated narrowly before closing 1/4 to 1/2 lower on balance. Share information service, Pages 42-43

AUSTRALIA

Resources ease

LEADING resource stocks fell back in Sydney and Melbourne as speculation about more rights issues or share placements prompted growing concern about whether the market could absorb any more such offerings. Issues or placements totalling about \$70m shares have been announced in the past three weeks.

Meanwhile, heavy trading in Pacific Copper dominated activity in both centres following Bond Corporation's offer at A\$1.05 a share, later increased to A\$1.10 and A\$1.15 as Pacific's market price rose.

SOUTH AFRICA

Industrials up

INDUSTRIALS closed very firm in Johannesburg, with gains outnumbering losses by almost four to one. However, despite a firm billion price, gold shares were easier in a quiet market.

Losses among the heavyweights ranged to R1.50, with Kloof at R57, while cheaper priced producers generally declined between 5 and 25 cents.

FAR EAST

Singapore
poised for
new record

Further gains were posted in share prices in Singapore in a day of active dealing. The Straits Times Industrial index advanced 9.64 to 988.46 - within five points of its all-time high of 973 reached in June 1981.

The market view now is that the index will easily set a new record and surpass the 1,000 level before any significant correction sets in.

The total volume of business was 28.7m shares during the session, with advances outnumbering declines by almost two to one. A higher level of overseas demand is aiding sentiment.

Motor shares were selectively higher, with Tan Choo 45 cents ahead at \$56.20. Banks were mixed with UOB 10 cents higher in active dealings at \$55.10 and Public Bank 15 cents up at \$58.

Construction related issues were also mixed with National Iron and Malayan Cement each down 5 cents at \$89.85 and \$87.90 respectively, but PMC ended 10 cents ahead at \$86.85 and Jurong was 5 cents up at \$85.45.

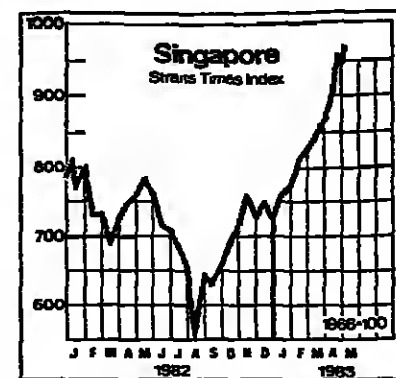
Elsewhere, Cold Storage was 5 cents higher at \$55.25 while Fraser and Neave was unchanged at \$59.35.

In Hong Kong, a rising local dollar helped to arrest the decline in shares seen on Wednesday.

An early bout of selling, resulting largely from sell orders placed overnight in London, took the Hang Seng index 6.91 down at the end of the morning session. But later, short-covering helped the measure to end just 0.85 down on the day at 987.29.

Leaders were mostly steady with Hongkong Electric rising 5 cents to HK\$5.85, Hongkong Land 2 cents at HK\$4.17, Hutchinsom Whampoa 10 cents at HK\$13.40 and Swire Pacific "A" also 10 cents at HK\$13.50.

The Tokyo market was closed for a public holiday.



EUROPE

Frankfurt
ready to
consolidate

INVESTORS now seem determined a period of consolidation is overdue in Frankfurt. Leading shares closed mostly lower in moderate turnover, after an early attempt to push prices high came to nothing.

The Commerzbank index fell 10.5 on the day to 937.7 - well below the 22-year peak of 965.6 set on April 27.

The focus of attention was Daimler following Wednesday's one-for-nine rights issue. It closed against the trend, DM 4 higher at DM 547, but this was well below early highs of DM 548.70 and pre-bourse quotes of DM 551. BMW shed DM 3.20 to DM 338 and VW DM 1.50 to DM 178.50, while Conti Gummi, the tyre-maker, fell back 50 pf to DM 90.50.

Banks were generally easier though Deutsche Bank managed a DM 8 advance to DM 328. Bayernverein lost DM 8 to DM 341, ex-dividend. Dresdner DM 4 to DM 183.50 and BHF 50 pf to DM 298.50.

Bonds rose strongly in moderate trading for the first time since the Bundesbank cut interest rates in mid-March, as hopes grew of new reductions in U.S. and domestic interest rates over the next few days.

Elsewhere in Europe, shares were generally mixed to higher.

Amsterdam firmed after a mixed opening with Dutch international, Hoo-govens, one of the most actively traded stocks rising FL 3.80 to FL 24.80 after its announcement of an expected modest improvement in 1983 results.

KLM fell back FL 38 to FL 100 while Unilever gained FL 1.7 to FL 210.50 after shedding FL 1 at the opening. Among the banks, NMB rose FL 4.30 to FL 152.50 while ABN gained FL 4 to FL 370.

Shares were generally firm in Paris with foods, rubbers, electricals, engineering and oils all higher. BSN was up FF 15 at FF 1,765, Michelin FF 14 at FF 788, Legrand FF 30 at FF 1,950, CFP FF 8.5 at FF 178.5 and Elf FF 3 at FF 167.

Financials, constructions and hotels were mixed while motors, banks and chemicals were lower. Among the most active shares, L'Oreal advanced FF 21 to FF 1,588 and Carrefour declined FF 55 to FF 1,380.

Domestic and foreign shares were mixed in lively trading in Brussels though the undertone remains firm. Cometra gained BFr 60 to BFr 2,460 after an announcement that it will probably maintain its dividend of BFr 162.5 a share.

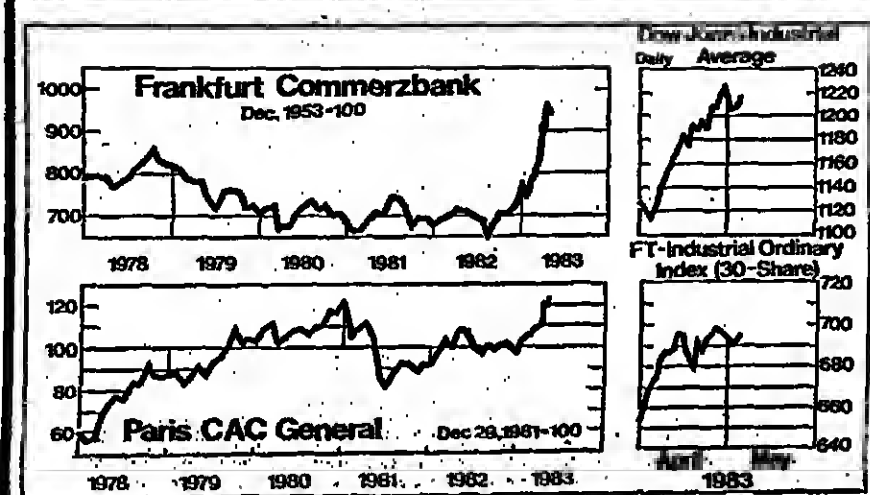
Domestic share prices were firmer in moderately active Zurich trading, and the market continues to draw support from expectations of an economic recovery. Easier Eurodollar deposit rates also reinforced optimism about U.S. interest rates.

Speculation about an early rights issue, later denied by the company, took Hasler up SwFr 40 to SwFr 1,940. Among banks, Bank Leu shares were in demand, while UBS and Swiss Banking Corporation also firmed. Credit Suisse bearer closed unchanged at SwFr 2,070. Gains in leading financials stretched to SwFr 20.

Stocks rose in fairly active trade in Madrid where the bourse index closed 1.84 higher at 112.13. The advance was led by electricals, and banks were also firmer following the end of a strike by employees over pay.

Shares closed generally lower for the third successive day in Milan, though a late rally reduced earlier losses. The weakness was attributed to liquidation of speculative positions and political uncertainties ahead of the general elections called for June 26 and 27.

KEY MARKET MONITORS



STOCK MARKET INDICES			
	May 5	Previous	Year ago
NEW YORK			
DJ Industrials	1219.72	1212.65	854.46
DJ Transport	547.57	531.57	349.53
DJ Utilities	129.34	128.73	114.79
S&P Composite	164.27	163.51	117.57
LONDON			
FT Ind Ord	885.0	888.8	576.9
FT-A All-share	430.88	433.32	332.54
FT-A 500	489.25	471.27	361.78
FT-A Ind	432.24	433.72	328.06
FT Gold mines	653.7	638.3	231.2
FT Govt sec	81.59	82.0	68.28
TOKYO			
Nikkei-Dow	closed	9853.04	7457.11
Tokyo SE	closed	832.53	551.82
AUSTRALIA			
All Ord	588.1	582.6	496.6
Metals & Mins	519.1	524.3	361.5
AUSTRIA			
Credit Aktien	58.8	58.48	52.33
BELGIUM			
Belgian SE	122.71	122.22	93.90
CANADA			
Toronto Composite	2394.18	2347.15	1526.50
Industrial	N/A	400.32	280.79
Combined	397.83	390.81	263.51
DENMARK			
Copenhagen SE	closed	138.35	93.87
FRANCE			
CAC Gen	123.5	122.6	110.2
Ind. Tendance	127.7	127.3	123.5
WEST GERMANY			
FAZ-Aktien	313.49	317.14	233.6
Commerzbank	937.7	948.2	711.7
HONG KONG			
Hang Seng	987.29	986.84	1316.2
ITALY			
Borsa Com.	194.8	195.52	168.1
NETHERLANDS			
ANP-CBS Gen	124.9	124.1	92.9
ANP-CBS Ind	102.5	101.8	72.6
NORWAY			
Oslø SE	187.45	185.7	108.42
SINGAPORE			
Straits Times	988.46	988.82	757.34
SOUTH AFRICA			
Gold	924.6	938.6	420.8
Industrials	889.7	831.9	595.9
SPAIN			
Madrid SE	112.13	110.49	123.18
SWEDEN			
J & P	closed	1426.88	577.32
SWITZERLAND			
Swiss Bank Corp	329.0	327.8	254.5
WORLD			
Capital Int'l	May 4	Prev	Yr ago
	177.3	176.4	137.4
GOLD (per ounce)			
	May 5	Prev	
London	\$434.50	\$432.50	
Frankfurt	\$434.00	\$433.25	
Zurich	\$433.50	\$433.50	
Paris (Baring)	\$437.54	\$437.38	
New York (May)	\$434.50*	\$435.10	

* Indicates latest pre-close figure

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- the important changes taking place in the structure of the industry
- encouraging the growth of new companies
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in 1983 & 1984

Robert Guy of Rothschilds will chair the first day and give the Opening Address. The speaker platform will be as authoritative as at previous meetings in this well-regarded series.

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Continued on Page 20

WORLD STOCK MARKETS

CANADA

(Daily Prices)

May 5

Price

+ or -

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COMMODITIES AND AGRICULTURE

Stocks high on rubber body agenda

THE INTERNATIONAL Natural Rubber Organisation (INRO) rubber stock committee began a four-day meeting yesterday in Kuala Lumpur to prepare for a full council meeting next week. The opening session considered the latest report of the buffer stock manager, and the technicalities of warehousing some 270,000 tonnes of rubber already purchased for the buffer stock.

The producer countries represented at the meeting are Malaysia, Indonesia, Thailand, Sri Lanka, Nigeria and Papua New Guinea. The consumer countries are the U.S., the European Community, Canada, China, the Soviet Union and Japan. The INRO council meeting starting on May 11 must also appoint a new buffer stock manager.

● **INDIAN RUBBER GOODS** manufacturers have called for immediate imports of natural rubber to curb price rises after natural rubber prices rose this month to 20,000 rupees a tonne from about 14,000 rupees two months ago.

In January, India's Rubber Board chairman Mr K. Mohanachandran, estimated the country's total rubber production at 167,000 tonnes in 1982-83 against 152,000 tonnes the previous year. Since then, drought has reduced rubber output in southern India and it is reckoned that India will need to import at least 50,000 tonnes of natural rubber during 1983-1984.

● **AERIAL CROPS SPRAYING** is to be a campaign of the 80,000-member Agricultural and Allied Workers' Union because of alleged dangers involved with the weed-killing chemicals used. This was decided yesterday at the annual conference of the union, a section of the Transport and General Workers' Union, held in Eastbourne.

● **SOVIET WINTER GRAIN** crops in the lower Volga have been badly hit by the winter weather, according to the East Bloc Agricultural Newsletter published in Bonn. The West German publication said a large part of the crop had been lost from drought and frost.

Poultry farmers angered by EEC

BY RICHARD MOONEY

THE EEC Commission's plan to release 2m to 3m tonnes of wheat from Community intervention stores for use as animal feed was "an insult to hard-pressed poultry farmers," Mr Peter Humphrey, chairman of the British Poultry Federation, said in London yesterday.

He told the federation's annual meeting that grain had poured out of the UK to Continental feed compounds and there were only a few hundred thousand tonnes of wheat in UK intervention stores.

"That grain should be made available to us at subsidised prices," he declared. "We are the best customers of the cereals sector. We have no intervention system underpinning our own poultry and egg markets, and it is time that the Community recognised the part we play in food production, and our need for assistance from time to time."

Date set for dollar sugar trading

BY JOHN EDWARDS, COMMODITIES EDITOR

THE NEW London raw sugar futures dollar contract will start trading on June 1, it was confirmed yesterday. The first trading month will be October this year and five other months will be added to the contract by the end of 1984. The existing sterling raw sugar contract is due to be phased out by May, 1984, but special arrangements will be made to help traders transfer their outstanding positions from the sterling to the dollar contract.

Mr Michael Stone, chairman of the United Terminal Sugar Market Association, said yesterday that it was hoped to introduce the new white (refined) futures contract, also in dollars, on July 1.

But the launch involved the creation of two rings on the trading floor, new seats, and approval of the proposed rules. Nevertheless, he pointed out

Reports of fire damage lift cocoa

By John Edwards

COCOA PRICES advanced on the London futures market yesterday following a report on Accra Radio that 35 to 40 per cent of Ghana's cocoa farms had been destroyed by bush-fires. However, traders evidently viewed the report with some scepticism since the July futures position ended the day only 112 up at 1,314.5 a tonne after reaching a peak of 1,323 and a low of 1,308.

Opinion is divided in the market about just how seriously West African cocoa crops have been hit by bush-fires and drought. Some traders claim the damage is severe while others say it has been exaggerated.

Meanwhile the large surplus of supplies overhanging the spot (May) position on the market is depressed by the Indian. Reuter reported from Abidjan that in a broadcast mentioned there Mr P. V. Obeng, Ghana Government minister for cocoa industry, said the whole industry would be restructured. He confirmed that the price paid to cocoa producers had been raised from 560 to 600 cedis per 30 kilos.

London copper market surges

By Our Commodities Staff

COPPER PRICES rallied in late trading on the London Metal Exchange yesterday following a report that talks between Phelps Dodge, the second biggest U.S. copper producer, and the unions on terms of new labour contracts had broken down. However, a union spokesman later said the talks were continuing.

Meanwhile, negotiations between the three largest U.S. aluminium producers and the American Aluminium Association began this week on renewing labour contracts due to expire on May 31.

FARMER'S VIEWPOINT

Putting a cap on production

MR SIMON GOURLAY, vice-president of the National Farmers' Union, welcomed the union's policy of putting a cap on production, but said it was not a practical and not expected price of products in structural surplus to go on rising indefinitely.

He added that the market for extra milk sales was simply non-existent, even with increased export subsidies. But neither the NFU nor the Milk Marketing Board was in favour of quotas or co-responsibility levies. There had to be price restraint to control production, and this would put pressure on producer margins.

Mr Gourlay's warning was to the point. The situation in the milk product market is so saturated that it would be difficult even to give any extra supply away, and more price restraint would do nothing to persuade farmers to reduce output. Faced with static prices or even lower ones, most dairy farmers would respond by increasing production to reduce unit costs. A co-responsibility levy would have the same effect, although the money extracted could go towards subsidising exports.

A quota scheme has been

vociferously condemned by the NFU and many farmers, on the grounds that it would penalise efficiency. Progressive farmers would suffer, while the unprogressive—those who did not wish to increase their output for various reasons—would presumably be left basking in their mediocrity.

There are two sorts of quota scheme. One relates to the individual farmer's production, coupled with two-tier pricing. The farmer gets the guaranteed price for a proportion of his output, and the remainder at a lower price. The other applies the quota to the whole industry with farmers sharing equally the guaranteed price and the lower price for the residual surplus.

This, in fact, was the Standard Quantity scheme which limited the British Government's liability for the milk export subsidy. The scheme was shared between those who over-produced and those who did not on the total of milk produced.

As an example, suppose the deficit on surplus supplies was 10 per cent. The farmer who chose to produce more than his quota would have to pay for it, but spread over all his fellow farmers. The non-over-producing farmer would have the benefit of the surplus dumping operation.

there is nothing efficient in over-producing and then the market can absorb.

Quotas don't always reduce embarrassing surpluses. The EEC has had a long running quota system for sugar beet, inherited from those operating in member countries before the Community was formed. It comprises a three-price system of A, B and C prices with C quota sugar receiving no more than 10 per cent of the guaranteed price this year. In spite of this deterrent, production has increased by over 50 per cent in the past 10 years.

Over-production was, of course a commonplace in individual member countries in the past, dealt with by the nations concerned. Community membership has put the individual State's responsibility and at the same time has made the Community the second largest exporter of food in the world after the U.S. In fact, in the sensitive areas of sugar, milk and beef it is now the largest exporter. It has achieved this not by any magic of production but by the efficiency of having the funds available with which to subsidise exports.

All food exporting countries subsidise their farmers to some extent. The EEC is accused—rightly I believe—of paying out the most per tonne of food exported.

Yet there are signs that a change is on the way. Although the threat of a confrontation with the U.S. on trade is under wraps at the moment, probably

because of that country's need for developing Cruise missiles in Europe, there are possibilities of a more accommodating stance in Brussels.

With dairy products there is growing realisation that there are no more physical outlets left. The New Zealanders are in despair because of the threat of massive surpluses in both the U.S. and the EEC. They are trying to get an accommodation with both and hinting at restricting their own production.

The EEC is now talking of joining the International Sugar Agreement and is co-operating in trying to reduce surpluses. It is also agreeing to limit cereal exports for this year as a gesture to the U.S. where the payment-in-kind scheme is hopelessly going to create surplus stocks in a few years.

To be fair, the Commission is probably anxious to co-operate in some form of production control and limiting output, but for its peculiar constitution. Its executive power is limited to what the Council of Ministers will agree to allow it to do.

The solution is to relate the EEC farm fund (FEOGA) expenditure to the country whose farmers incur it. But that, too, only Brussels told me.

John Cherrington

Reagan urged to export more

WASHINGTON—The Senate Finance Committee has approved a resolution urging President Reagan to begin negotiations with the Soviet Union for a new expanded long-term Grain Agreement. The full Senate is expected to vote on the resolution next week.

The U.S./USSR grain agreement is in its sixth year and expires on September 30. The Senate Finance Committee said the Soviet Union had not yet replied to the President's offer last month to open talks on a renewal of the pact.

U.S. scheme helps boost grain prices

BY NANCY DUNNE IN WASHINGTON

THE U.S. payment-in-kind programme, designed to cut both stocks and production, has already produced a substantial increase in grain prices, according to the U.S. Department of Agriculture.

The tightening of stocks freely available to the market in 1982-83, the largest since 1960-61, has boosted maize prices 60 per cent since last autumn and wheat prices are up 20 per cent. Cotton prices are 15 per cent higher and rice prices have

risen more than 10 per cent. While USDA officials are pleased with the gains, only the cotton market has risen higher than last spring. The increases are expected to be sustained if, as expected, farmers follow through on their acreage-reduction plans.

The 1982 programme, which pays farmers some cash plus grain from U.S. Government stocks for limiting production, is expected to maintain net farm income this year or perhaps even to raise it. Last year,

incomes sank to the lowest levels since the Great Depression, and they were expected to decline further in 1983. "Productive" expenses are expected to decline 2-4 per cent, the first drop since 1953. Farmers' demand for short and intermediate-term credit is also expected to decline.

While the PIR programme is expected to cut usage of fertiliser 18 to 18 per cent, the USDA expects better economic conditions in late 1983 and 1984 to reduce the financial stress

PRICE CHANGES

In tonnes unless stated otherwise	May 5 1983	+ or -	Month ago
Metals			
Aluminium	1,680	-	1,680
Free mkt.	1,680	-	1,680
Copper	1,680	-	1,680
Free mkt.	1,680	-	1,680
Gold	1,680	-	1,680
Free mkt.	1,680	-	1,680
Platinum	1,680	-	1,680
Free mkt.	1,680	-	1,680
Palladium	1,680	-	1,680
Free mkt.	1,680	-	1,680
Tin	1,680	-	1,680
Free mkt.	1,680	-	1,680
Zinc	1,680	-	1,680
Free mkt.	1,680	-	1,680
Wolfram	1,680	-	1,680
Free mkt.	1,680	-	1,680
Producers	1,680	-	1,680

GAS OIL FUTURES

	May 5 1943	+ or -	Month ago
out (Phil)	\$630.5y	+2.5	\$570
out (Phil)	\$627.5y	-2.5	\$480
and (Phil)	\$514		
and (Phil)	\$40X		\$410
da	\$620y	+10	
reban (U.S.)	\$229	+1.3	\$25.20
July Fut. Sep.	\$110.85	-0.8	\$115.85
July	\$147.00		\$147.00
July	\$147.00	-0.3	\$149.55
2 Hard Wint.	\$147.00		\$149.55
er			
er commodities			
out July	\$1255	+12	\$1274
out July	\$1254.5	+12	\$1265.5
out July	\$1254.5	+12	\$1257
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling recovers from early lows

Sterling improved in currency markets yesterday after early losses but finished the day slightly down on Wednesday's close. Initial trading saw the pound weaken mainly on continued fears over yesterday's UK election but a firmer sentiment later in the day prompted a good deal of short-covering.

The dollar was a little weaker overall on hopes of lower interest rates but revised sentiment in the afternoon suggested that a fall in the U.S. discount rate may not yet be imminent and the dollar finished some way above its lowest levels.

STERLING — Trading range against the dollar in 1983 is 1.5245 to 1.4540. April average 1.5421. Trade weighted index 84.9 against 84.5 of noon and 84.6 in the morning and compared with 85.1 on Wednesday and 85.0 six months ago. Sterling has benefited from hopes that all prices will remain stable, following the latest Opec settlement, the possibility of Conservative win at an early general election and an expected period of stability in domestic interest rates.

Sterling opened at \$1.5775 against the dollar and eased to a low of \$1.5705 before recovering in the afternoon to a high of \$1.5830. It closed at \$1.5775, 1.5785, a fall of just 25 points. Against the D-Mark it fell to

DM 3.8512 from DM 3.8675 and SwFr 2.3275 from SwFr 2.325. It was also lower against the yen at ¥371.0 from ¥373.5 and Ffr 11.61 compared with Ffr 11.6775.

DOLLAR — Trade weighted index (Bank of England) 121.9 against 122.6 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as expected and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar closed at DM 2.4405 from DM 2.4435 and SwFr 2.0510 from SwFr 2.0570. It was also lower against the yen at ¥325.05 from ¥326.25 and Ffr 7.36 compared with Ffr 7.3875.

EMS EUROPEAN CURRENCY UNIT RATES

Country	ECU	Central rate	% change from central rate	% change adjusted for divergence	Overshooting limit %
Belgium Franc	40.3382	45.1618	+1.75	+0.57	+1.62
Danish Krone	8.0402	13.7578	+1.75	+0.57	+1.62
German Mark	2.21915	2.21915	0.00	0.00	0.00
French Franc	5.7271	6.5595	+1.44	+0.31	+1.44
Irish Punt	0.78756	0.78756	0.00	0.00	0.00
Italian Lira	2036.27	2036.27	0.00	0.00	0.00

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

D-MARK — Trading range against the dollar in 1983 is 2.4590 to 2.3330. April average 2.4313. Trade-weighted index 120.0 against 125.9 six months ago. The D-mark remained weak against its EMS partners for slightly over a month after the realignment of the system in late March, but with economic fundamentals continuing to favour the German currency it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

The D-mark showed mixed changes at the Frankfurt exchange, gaining ground against the dollar and sterling, but weakening against the Swiss franc and French franc. As expected the Bundesbank did not change its credit policies at yesterday's

council meeting, despite some nervousness following the rise in the Dutch discount rate earlier this week. The dollar touched a peak of just over DM 2.44, but was fixed lower at DM 2.4385, compared with DM 2.4445, without any intervention by the authorities. Sterling declined to DM 3.8420 from DM 3.8710.

FRENCH FRANC — Trading range against the dollar in 1983 is 7.4050 to 6.9900. April average 7.2190. Trade-weighted index 70.0 against 73.6 six months ago. Political unrest and the improvement of the Deutschmark threaten to put further pressure on the franc within the EMS. Speculation has increased about the possibility of another devaluation this year despite the realignment involving a franc devaluation in March.

The French franc was firmer at the Paris exchange against the dollar and members of the EMS. The dollar fell to Ffr 7.3845 from Ffr 7.3920, sterling to Ffr 11.5970 from Ffr 11.7020 and the Swiss franc to Ffr 3.8530 from Ffr 3.8925. Within the EMS the Deutschmark fell to Ffr 3.0180 from the record fixing of Ffr 3.0245 on Wednesday. The Dutch guilder declined to Ffr 3.6345 from Ffr 3.6910, and the Belgian franc to Ffr 15.1230 from 100 Belgian francs from Ffr 15.1880.

FINANCIAL FUTURES

Losing ground

Eurodollar prices opened very firm on the London International Financial Futures Exchange yesterday, but finished slightly weaker after the opening of

Chicago trading. A very good reaction to the U.S. Treasury auction of 10-year notes, following an equally well received result to the three-year note auction on Tuesday, gave Eurodollar an early boost. Interest rates on the cash market opened lower, and futures prices began at 91.40 for June delivery, compared with the previous close of 91.35. The time contract touched a peak of 91.41, but market sources suggested that this already discounts a reduction in the Federal Reserve discount rate, and may be the high point for some time unless there is an early move by the Fed. Yesterday's auction of 20-year bonds tended to subside

trading towards the close, with the June price closing at 91.35, compared with the day's low of 91.32.

Sterling interest rate contracts traded within a narrow range, reflecting nervousness about the timing of a general election after yesterday's local polling. Dealers pointed out that September volume in the three-month sterling contract outweighed June trading, partly representing a very large selling order put through a major money broker.

Sterling currency futures were particularly active, trading a total of over \$1,000 lots. A point of interest to the market will be the news that the Government intends to grant tax exemption to pension fund transactions in financial futures by a new clause in the Finance Bill. This is expected to provide a major stimulus to market turnover.

LONDON

Three-month	Close	High	Low	Prev
June	91.35	91.41	91.32	91.35
Sept	91.30	91.35	91.25	91.30
Dec	90.97	91.05	90.97	90.97
March	90.75	90.85	90.75	90.75
June	90.52	90.57	90.52	90.47
Volume	1,807			
Previous day's open	91.34			

THREE-MONTH STERLING DEPOSIT

Three-month	Close	High	Low	Prev
June	90.34	90.41	90.30	90.34
Sept	90.21	90.28	90.18	90.21
Dec	90.08	90.15	90.08	90.08
March	90.07	90.11	90.07	90.07
June	89.90			
Previous day's open	91.34			

THREE-MONTH EURODOLLAR (100M)

Three-month	Close	High	Low	Prev
June	91.35	91.41	91.32	91.35
Sept	91.30	91.35	91.25	91.30
Dec	90.97	91.05	90.97	90.97
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Volume	1,807			
Previous day's open	91.34			

THREE-MONTH STERLING DEPOSIT

Three-month	Close	High	Low	Prev
June	90.34	90.41	90.30	90.34
Sept	90.21	90.28	90.18	90.21
Dec	90.08	90.15	90.08	90.08
March	90.07	90.11	90.07	90.07
June	89.90			
Previous day's open	91.34			

THREE-MONTH EURODOLLAR (100M)

Three-month	Close	High	Low	Prev
June	91.35	91.41	91.32	91.35
Sept	91.30	91.35	91.25	91.30
Dec	90.97	91.05	90.97	90.97
March	90.75	90.85	90.75	90.75
June	90.52	90.57	90.52	90.47
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THREE-MONTH EURODOLLAR (100M)

(3) Sierra Leone: (a) for essential imports. (8) Mexico: Controlled mta cover essential imports. (8) Venezuela—Non-

A PUBLICATION OF PUMA

The quality way

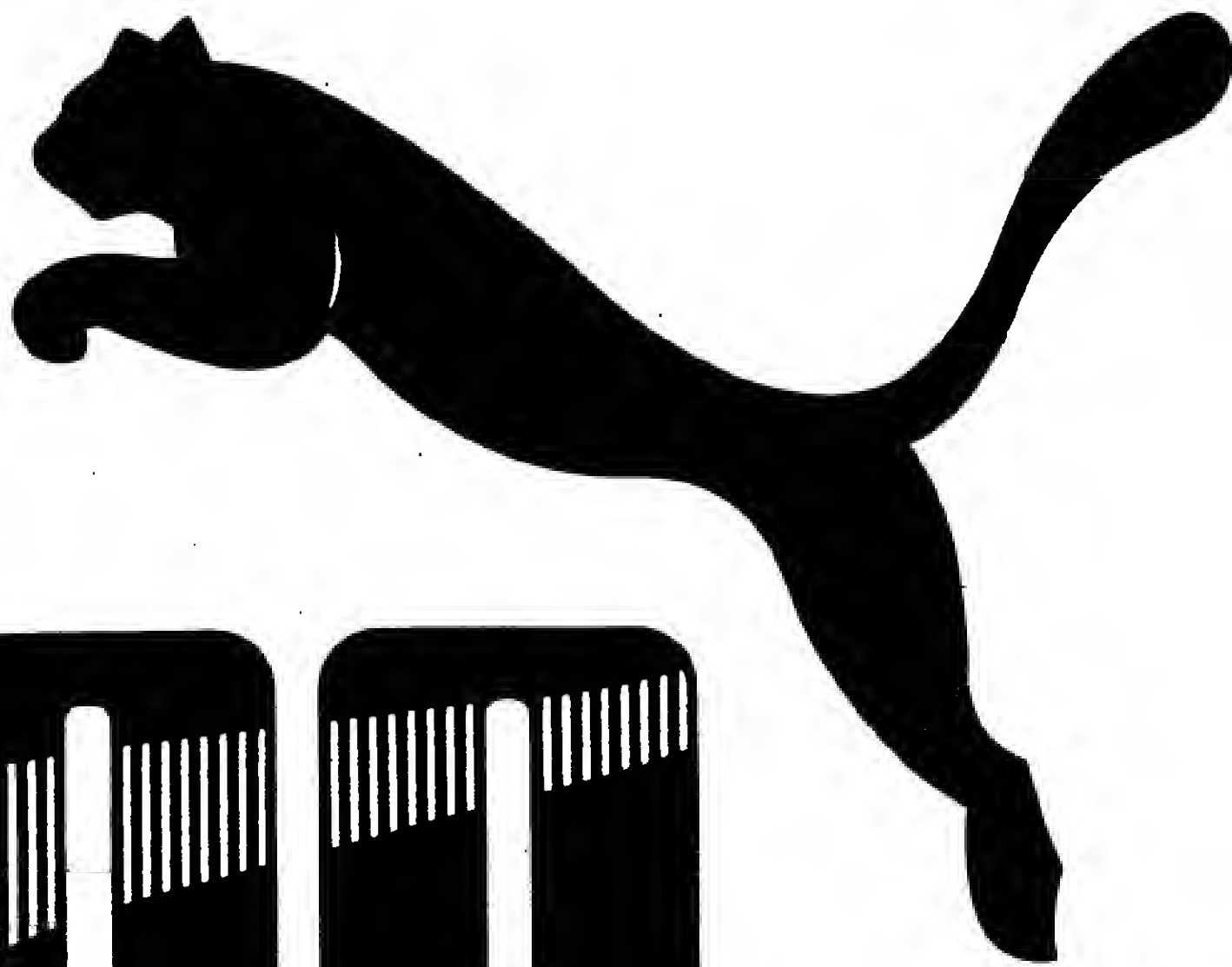
**"GERMAN BRANDED GOODS HAVE
A FIRST-CLASS REPUTATION THROUGHOUT THE WORLD.
OVER THE YEARS PUMA HAS MADE ITS
CONTRIBUTION BY PRODUCING SPORTS SHOES OF
SUPERLATIVE QUALITY.**

**THIS APPLIES BOTH TO PRODUCTION IN WEST GERMANY
AND TO THE EXPORT OF KNOW-HOW.**

**I SHALL DO MY UTMOST
TO ENSURE THAT
THIS REMAINS THE CASE
IN THE FUTURE!"**



Armin A. Dassler
President, PUMA



PUMA®

...BECAUSE PUMA DOES IT THE QUALITY WAY.

"BIOMECHANICS AND THE FINDINGS OF SPORTS SCIENCE ARE OF FUNDAMENTAL IMPORTANCE WHEN IT COMES TO DESIGNING AN IMPROVED SPORTS SHOE - AND SO IMPROVING THE PERFORMANCE OF ANYONE INVOLVED IN SPORT."



"The studies of sports scientists on the series of movements - biomechanics - of the human foot during sporting activity are more important than ever for PUMA as the basis of new development in shoe design.

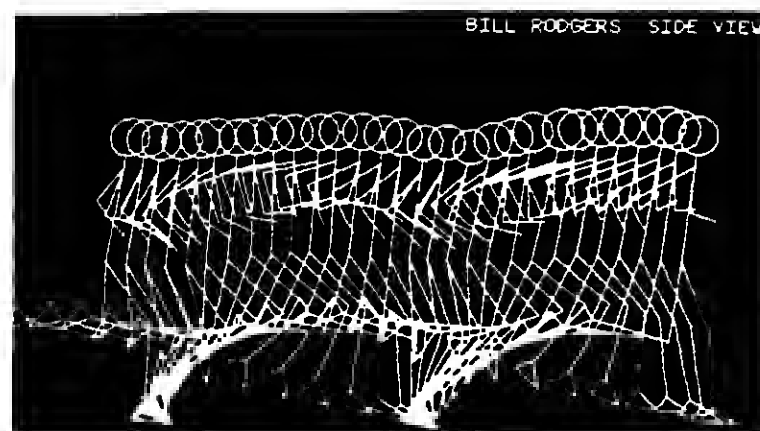
For far too long the development of the sports shoe was influenced by half-baked ideas and caprices. To avoid any further damage to feet the findings of sports science and medicine must be put to the service of new development as soon as possible.

We must find out what bodily motions are set in train as a result of running. In particular excessive inversion of the foot when running can lead to serious injuries. As many as 30% of all running injuries result in damage to the knee-joint caused by twisting of the thigh and the lower leg.

Over a period of years an incorrect foot position can have disastrous consequences. For example when jogging the foot has to withstand three times the normal bodily weight at every pace. Or in other words a sportsman, weighing 85 kg, who jumps from a height of 80 cm with outstretched legs, subjects his backbone to a load of one ton. These figures prove that the importance of the sports shoe for the health of the sportsman has been completely underestimated."

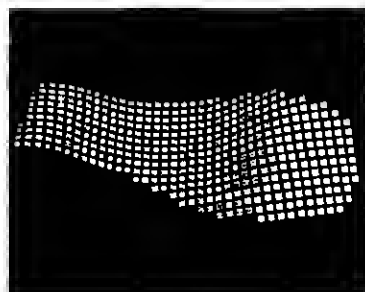
Peter R. Cavanagh

Prof. Peter Cavanagh,
Professor of Biomechanics,
Biomechanics Laboratory,
Pennsylvania State
University.

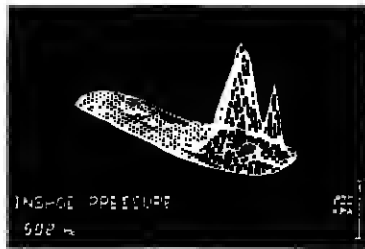


△ Data from high speed cinematography generates a computer graphic of marathon runner Bill Rodgers' running gait.

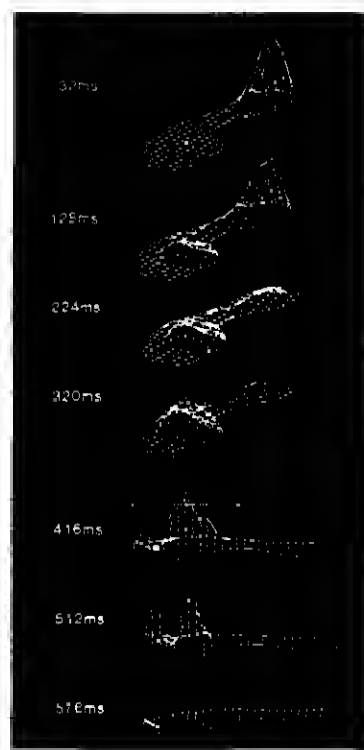
This computer graphic is taken from force platform data. It shows the greatest intensity and duration of pressure at the fore-foot. Before such studies, it was generally believed that only the heel needed protection from vertical pressure. PUMA is the first to recognize the need for protecting the fore-foot.



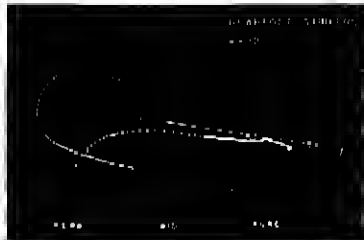
△ Five hundred electronic sensors in PUMA's INTERIOR PRESSURE MAT allow scientists to measure the amount of pressure exerted by the foot INSIDE the shoe.



△ The INTERIOR PRESSURE MAT, invented by PUMA researchers, is the only device available today that can measure the amount of pressure INSIDE the shoe. Such measurements allow greater precision in shoe design and construction.

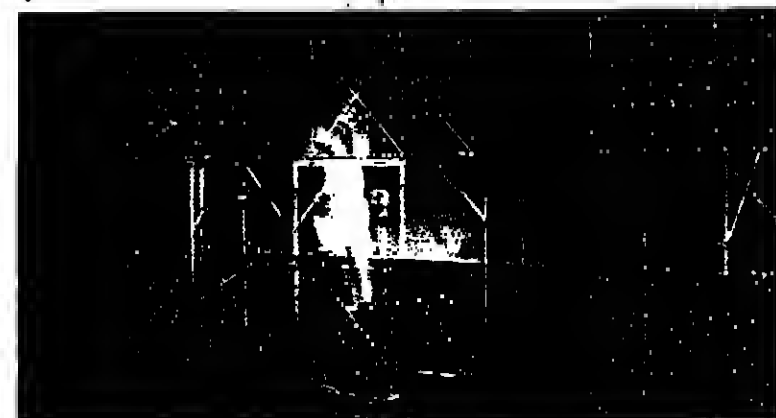


Through use of a force platform, PUMA sports scientists study the amount of vertical pressure on the foot in action. Results of these studies show that the greatest duration of pressure lies at the fore-foot. PUMA's LAB I running shoe addresses the PRECISE PATH of vertical pressure forces to the fore-foot, in addition to the pressure at the heel. Protection to the fore-foot is particularly important, since pressure in this area can lead to stress fractures and other injuries.

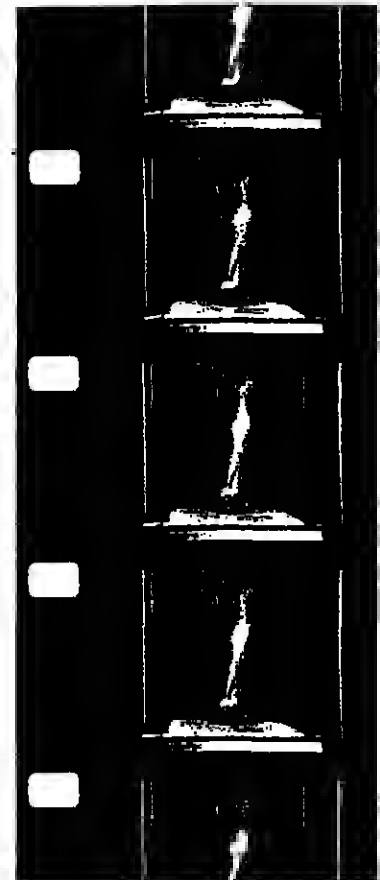


△ This composite graphic shows the average PRESSURE PATH of rear-foot strikers, leading from the outside border of the shoe at the heel, in toward the center of the fore-foot. Although the pressure path crosses over the arch, there is no vertical pressure at the arch.

Using a combination of high speed cinematography and electronic technology, all three dimensions of this athlete's movements can be measured simultaneously and time sequenced.



High speed cinematography taken from the side and/or rear, shows the pattern of a runner's foot strike on a laboratory treadmill in milliseconds. All runners - whether rear-foot, mid-foot or fore-foot strikers - first contact the ground on the outside border of the shoe.

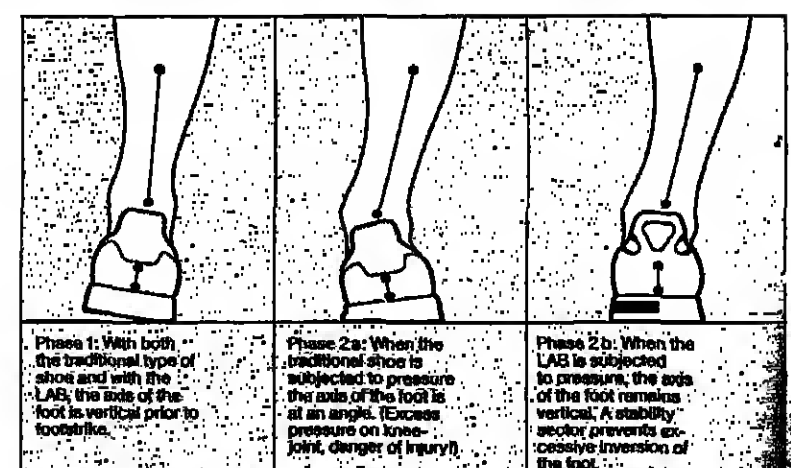


A Milestone for Runners

In Europe running is rapidly becoming a mass sport. Gentle jogging is giving way to serious running. PUMA have developed the right shoe to meet this demand. The result: LAB I, the first shoe with level compensation in the heel area. The wedge-like intermediate sole, made of best quality microcell rubber, has a built-in stability sector in the area around the inside of the heel. Together with the asymmetrical stiffening counter, the sole helps to prevent the foot from twisting inwards.

Computer analysis of high speed cinematographic film can reconstruct the movement of the runner on a treadmill in graphic form. The computer can also generate angle/time plots. This plot shows the angle of the right leg and rear-foot in the initial 30% of the contact phase. After first contacting the ground with the outside border of the shoe, the angle between the leg and the shoe in the average runner moves through a typical pattern. On contact, the heel rolls toward the inside of the foot. This is called inversion. Too much inversion, called pronation, can lead to knee or other injuries.

Biomechanical research studies have led to PUMA's new, fully slip-lasted design and sewn canvas fore-foot. Narrower at the heel, it provides excellent fit, flexibility and rear-foot stability.



Biomechanical research shows that different shoes offer different levels of rear-foot control and protection against excessive pronation. The PUMA LAB I running shoe, for example, offers the ultimate protection against excessive pronation, in addition to offering the runner a number of other safety benefits.

VARIBOX LACING SYSTEM (patent pending) allows custom fit... provides support under the arch... allows a wide range of flexibility for the toe-off.

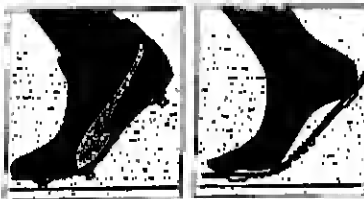
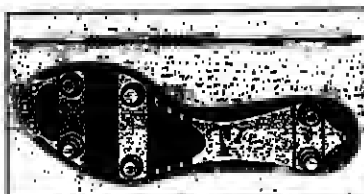


"A MAJOR BRAND IS MAKING SPORTS SHOE HISTORY. NEW PRODUCTS THAT ARE LANDMARKS OF DEVELOPMENT AND DESIGN. SPORTS SHOES THAT SET STANDARDS FOR QUALITY BOTH IN MANUFACTURING AND IN MATERIAL."



The Football Boot Revolution

Experts have called the TORERO boot revolutionary with its PUMA DUOFLEX sole, the sole with two flexzones. Ribbed and flexible as a concertina these zones ensure perfect matching of the insole to the foot. This is a studded boot with all the advantages of the moulded studded sole. The TORERO affords greater sensitivity in ball-play and gives more control when shooting, because the boot fits the foot like a second skin. Increased perfection in the roll of the foot means a



reduction in energy loss when running. And a further advantage of the flexible sole: greater stability, because when starting off four studs are in contact with the ground.



Progress Does Not Mark Time

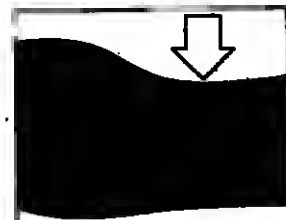
With the STEP STAR, PUMA has succeeded in producing the first football boot with a completely new orthopaedic function. In conjunction with the axial arch support, the newly designed anatomical insole prevents the foot from being twisted lengthways and so the ankle joint is not subjected to excessive pressure; wear on the ankle joint and the risk of injury are reduced to a minimum. Padding in the vamp of the boot, which is made of soft and supple kangaroo leather, has a shock-absorbing effect when shooting and passing.



Outstanding Example of a Purpose-built Shoe

The CALIFORNIA is an example of our first-class range of training and leisure shoes designed for amateur and professional sportsmen who appreciate the value of a good training shoe for a trouble-free season. Every type of training puts strain on muscles, tendons and joints. A quality sports shoe such as the CALIFORNIA guides and supports the foot and cushions impacts with its special elasticity and flexibility zones. The anatomically designed insole prevents the foot from slipping forwards, supports the arch firmly both lengthways and later-

ally and cushions the heel bone. The outer ankle support is flexible, adapts itself to any angle of foot-strike and helps to reduce impact on ankle and leg joints.



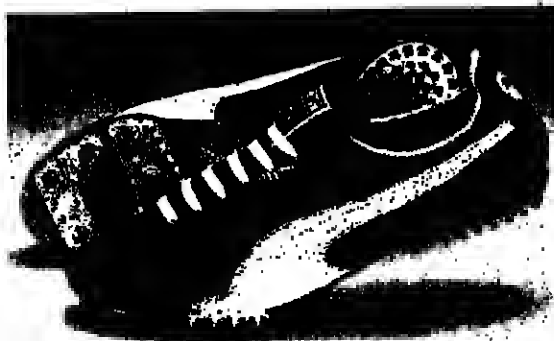
CALIFORNIA



Your PUMA shoes for training and leisure



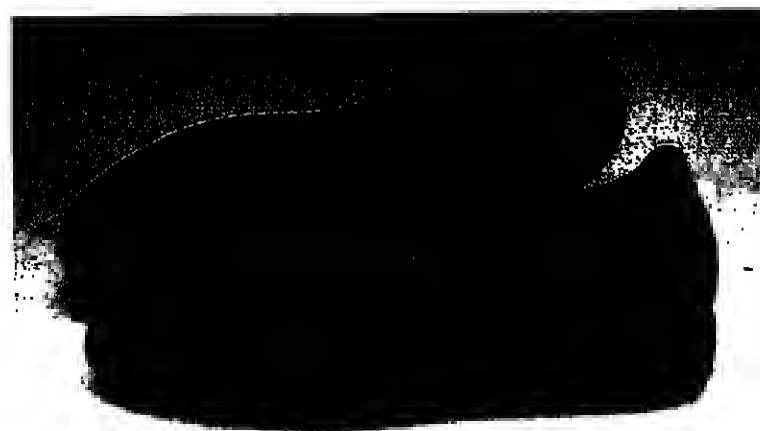
Shoes and Records



shoe. And it is precisely in this field that PUMA has repeatedly come up with new ideas, making sports shoe history and celebrating victories and records. For example - the European record for the 400 m hurdles set at the last European Athletic Championships. With the MAKANUDO, the first running shoe with the PUMA DUOFLEX sprint sole.

PUMA does it the quality way

For anyone who actively participates in sport, quality in sportswear is no less important than in footwear. PUMA's range of sporting fashions is comprehensive, whether for training, competition or leisure wear. The range includes classical track suits, warm-up suits, jogging and leisure combinations, polo shirts and sweatshirts, practical quilted blousons, hiking jackets, all-weather clothing and cross-country ski suits. Nor has the younger sporting generation been neglected. The new collection is youthful, sporting, attractive and can be worn in a variety of combinations. Alongside the classical colours this season's latest fashion colours are also well in evidence.

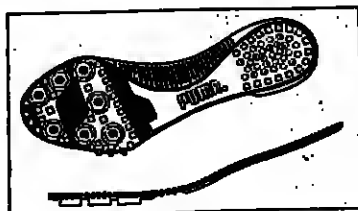


Rigid TPR counter holds the foot in position and is extended medially to control lateral motion during inversion. Provides excellent rear-foot stability and helps prevent pronation.

The sole, made of highly carbonized rubber is anatomically designed to flex according to the natural angle of the toes. Channels in the traction bars are engineered to release water and eliminate slippage. Pebbling in the sole material resists skidding during footstrike, breaking and propulsion.

Asymmetrical flare of the sole at the heel provides increased stability. It helps guard against excessive pronation by reducing the angle of the foot at initial footstrike.

The ultralight running shoe for sprints, hurdles, middle distances etc. has the new PUMA DUOFLEX sole, made in one piece.



The two flexzones in the fore-foot and mid-foot areas give even greater lateral flexibility. The grip system integrated into the heel, toe and mid-foot areas, the built-in heel pad, the reinforced asymmetrical counter and the arch support are all features that counteract the dangerous pronation position. The shoe has a new spike configuration specially developed to cope with the specific demands of athletics; furthermore each spike position can be individually set.

Professional sport still represents the greatest challenge for the sports

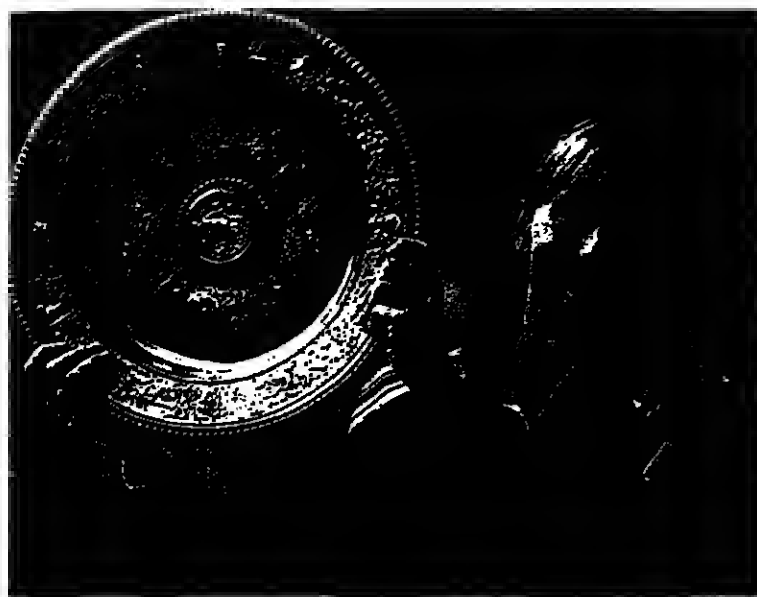
The wide range of PUMA's tennis sports program

"SUCCESS IN SPORT IS ALWAYS A COMBINATION OF A VARIETY OF FAVOURABLE FACTORS. IN TENNIS A PERFECT SPORTS SHOE PLAYS AN IMPORTANT PART. THIS IS WHY I'VE SETTLED FOR PUMA."

With Martina Navratilova, PUMA has succeeded in winning over the leading lady of women's tennis. From now on she will wear PUMA tennis shoes in all tournaments and championships.

And talking about tournaments and championships: out of 122 singles in 1982 and 1983 (up to the final of Hilton Head Island, South Carolina on April 10th, 1983) she left the court as the victor on 119 occasions. In 1983 she won all 32 singles (up to Hilton Head Island). A proud record, and one which she intends to follow up this season wearing PUMA tennis shoes.

PUMA have already brought out their new tennis shoe collection for the present season, in which Martina Navratilova has made such a promising start. Keen tennis players now have a choice of two new top quality tennis shoes, the M. NAVRATILOVA and the MARTINA INDOOR.



M. NAVRATILOVA



Good styling and appearance is a hallmark of PUMA tennis shoes. But quality calls for a further dimension. Tennis-playing should be a pleasure to the feet. And this is why PUMA has developed functional shoes that are constructed according to orthopaedic principles. This has produced the anatomically preshaped insole that prevents the foot from slipping forward and causing "tennis toe" - a condition much feared by tennis players. A further feature is the directly applied PU foam sole that is exceptionally hard-wearing and consists of two hardness grades: the very tough injection-moulded compact outsole and the soft PU foam which is used for the springy intermediate sole. The classical herring-bone tread is a feature of every PUMA quality outdoor tennis shoe. Modification of the pattern angle in the fore-foot and heel areas have given the shoe a light gliding effect and a braking effect in the heel area. All ladies models are manufactured on a special ladies last to reduce strain on the Achilles tendon.

For tennis players with joints and muscles that are prone to injury, PUMA have developed high-top models with an ultra-soft topline that provide special protection for ankle-bone and joints as well as counteracting inversion.

Indoor tennis is on the increase. And this need is met by PUMA's range of indoor tennis shoes. They have the same quality features as the outdoor models, but feature a special sole for the indoor court. The treadless outsole has a suede leather piece fitted on the fore-foot area and at the rim that allows effortless gliding on all synthetic surfaces while protecting exposed parts of the sole against premature wear.



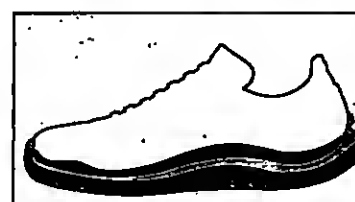
Tennis Stars in PUMA Shoes

In addition to Martina Navratilova there are a number of other top international tennis players who have opted for the advantages of PUMA tennis

shoes: Guillermo Vilas, a top star on the world ranking list, Hana Mandlikova, an international tennis star and Sylvia Hanika, one of Germany's

leading players who has also met with success on the international tennis scene; all these players are examples of success in PUMA shoes.

G. VILAS



The Latest Trends in Sportswear

With its tennis collection PUMA has succeeded in creating a sports fashion range that is equal to the tough demands of the

tennis court. You can appear in your own personal style thanks to the versatility of this collection - by combining similar

colours or by deliberate contrast, be it during the game or afterwards. Since PUMA attach importance to match fitness, the PUMA collection is rounded off by a series of accessories that are unrivalled in practicality, aptness and styling. These useful accessories include socks, caps, headbands, sweatbands, slips, hand and sauna towels - that are a perfect match in colour and design.

PUMA®

PUMA does it the quality way.

PUMA Sportschuhfabriken
Rudolf Dassler KG
D-8522 Herzogenaurach

